The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Strategic Canton Railway Completed as Japanese Occupy North

ARTICLES IN THIS ISSUE

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"Where Children of Ten Years Are Taught the Heroin Habit" *(By the Review's Harbin Correspondent)*

On the Peiping Student Front *(By a Peiping Correspondent)*

China Protests Increase of Japanese Garrison in North China . . . . . By C. Y. W. Meng

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Formerly Millard's Review

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HU HAN-MIN'S PRINCIPLES AND THE JAPANESE

THE Japanese occupation of North China and the smuggling situation were important events last week as also were the actual completion of the Canton-Hankow Railway and the successful culmination of the currency-loan negotiations in New York. But of more significance than any of these admittedly important events was the death of the Kuomintang leader and statesman Hu Han-min. The fact that the Japanese newspapers from the China coast to Tokyo heaved a sigh of relief and forecasted early harmony between China and Japan—following the death of Hu Han-min—was sufficient evidence of Hu's importance in the field of Sino-Japanese relations as well as Chinese domestic politics. Of incidental interest was the fact that Hu Han-min was a graduate of the Tokyo Law College, but unlike many of those who attend school in Japan and become more Japanese than Chinese, Hu maintained his balance and in recent years became the most devastating enemy of Japanese warlord imperialism. This explained why the Japanese militarists and Japanese editors subject to warlord control or intimidation were glad to hear of the death of Hu.

Hu Han-min, in accordance with established practice among Chinese statesmen, left a political will which was recorded at his deathbed by Siao Fu-sheng, another outstanding Kuomintang leader in the South. As translated and published in the May 16 issue of *The Chinese Republic*, Hu's will referred to his 30-year fellowship with the late Dr. Sun Yat-sen and to his continued struggle for the country in its hour of national crisis, despite the fact that his health had become seriously impaired. He declared that the Principle of Chinese Nationalism could not be preserved without resistance to Japanese aggression; that the Principle of Democracy could not be realized without breaking down the dictatorship, and that the Principle of Livelihood (Dr. Sun's Three Principles of the People) could not

become a reality without the elimination of the Communists.

Thus we have the late Kuomintang leader's principles in concrete form: Resistance to the Japanese—Resistance to a Dictatorship—Resistance to Communism.

There is an all-embracing patriotic program for China that would save the country! If carried out it would result in the liberation of the Chinese people from foreign aggression and domestic oppression.

Hu Han-min's strength was due to his sterling political honesty and his refusal to compromise on fundamental principles. He stuck to his belief in the constitutional principle that a legislative body had the right to supervise military appropriations, despite the fact that the military authorities kept him under detention for several months in Nanking as punishment for this belief. It was a dramatic coincidence that he died at Canton almost on the day of the promulgation of the new Constitution by the Government at Nanking.

But interest in the new Constitution has steadily declined in recent years as the country has succumbed to Japanese military domination. Should the entire country become a colony of Japan as the Manchurian and Inner-Mongolian provinces have become and as North China is becoming, there obviously would be no need for a constitution. In the face of an imminent loss of sovereignty, there assuredly is no point in arguing whether the new Constitution gives somebody or some governmental organ too much or too little power.

Chief interest was centered on Hu Han-min's attitude toward Japan, particularly in his last months and days following his return from Europe. Hu went to Europe early in 1935 for medical treatment but hurried back a few weeks ago because of the renewed crisis precipitated by the Japanese ocupation of the Inner-Mongolian provinces and military domination of Peiping. Immediately following his return he was visited by several of the Japanese warlords and espionage agents whom the Tokyo War Office is constantly dispatching to China to "investigate the situation." Shortly following a conversation with some of the Japanese military agents, Hu published his principles for the settlement of the complcations between China and Japan:

1—Japan must dissolve the bogus "Manchukuo" regime and return the four Northeastern provinces to Chinese control.
2—The Open Door must be the guiding principle in the future development of Manchuria.
3—Japan's forcible establishment of economic enterprises beyond the scope and authority of the Sino-Japanese treaties, shall be settled and administered by a joint Sino-Japanese commission, which shall decide all questions in a spirit of fairness in consultation with one another.
4—The Customs and Salt revenues of Manchuria and Jehol province shall remain an integral part of the Chinese Maritime Customs Administration and the Salt Gabelle, and a portion of these revenues shall continue to be earmarked for repayment of foreign loans in conformity with procedure previous to the Japanese invasion.
5—China's joint ownership of the Chinese Eastern Railway remains a *fait accompli*, notwithstanding Russia's illegal sale of this railway to Japan, since the stipulations of the Sino-Russian Agreement of 1924 are still binding.
6—Japan must abandon her designs on China's territory and all special privileges must be stripped of their political implications and become purely commercial in nature.
7—Soviet Russia must stop all her attempts at Sovietizing China and abandon her territorial designs.
8—Soviet Russia must dissolve the puppet regime in Outer-Mongolia and abolish all restrictions in Outer-Mongolia and Sinkiang having for their object the exclusion of others.

Following this enunciation of principles for the solution of the complications between China and Japan—and also between China, Japan and Russia—Hu Han-min declared that the real solution of the Far Eastern Problem was contained in the principles of the Nine-Power Treaty adopted at the Washington Conference in 1932. In other words he expressed the view that the prevention of international disputes and the full development of the Chinese Republic without interference during China's transitional period could only be realized through the maintenance of the balance of power in the Pacific and the preservation of the Open Door Policy which had been applied to China by the United States and the other Powers since 1899 and generally observed most of the powers up to 1931 when the Japanese army violated the treaty by occupying the Manchurian provinces.

Students in Peiping Schools Secretly Form Unions, Despite Ban

A Peiping message to the *Ta Mei Wan Pao* May 14 stated that because of the high-handed actions of the authorities in the suppression of the student movement, no demonstrations, parades or lectures are conducted by the students even during this month of May, when there are many national memorial days. It is reported, however, that this does not mean the suspension of the students' activities in North China, and secretly, a number of students' unions in different schools have been organized. These unions are stated to be directing the student movement as usual.

Tientsin Students Cause Panic at an Exhibition in Tientsin

The Shanghai *Nichi-Nichi* records that while a sanitation exhibition was being given at Tientsin May 13, jointly by Chinese and Japanese, scores of local students rushed into the arena and persistently rang a large bell on exhibit there, thus causing a panic among the spectators. They fled from the building under the impression that a fire had broken out.

National Government Aims at Control of Tungsten Trade

The Ministry of Industry is contemplating the introduction a system of government control of the trade in tungsten in the near future, according to well-informed circles. It is reported that the Ministry is organizing a big Tungsten Factory with the cooperation of the Chekiang, Szechuan, Hunan, Hupeh and Kwangsi Provincial Governments. The factory, with a capital of $2,000,000, will refine the tungsten ore produced in the five provinces for export to foreign countries.

Sino-Japanese Company to Refine Sugar in Shanghai

The *Shanghai Mainichi* says a sugar company will be opened by the cooperation of Japanese and Chinese in Shanghai, the object of which is to import unrefined sugar from Formosa. A factory in Woosung is be used for the sugar refining work.

Canton-Hankow Railway, Greatest Nationalist Accomplishment, Precipitates New Problems

ABOUT a month ago (April 18) Chinese laborers drove the last spike fixing in place the last rail of the new railway connecting Canton, metropolis of South China, with Hankow on the central Yangtsze. Excepting the mile stretch across the mighty Yangtsze River, shortly to be spanned by a train-ferry, it is now possible to travel by rail from Canton (or Hongkong-Kowloon) to Peiping and Tientsin and then on to Chita, Irkutsk, Moscow, Warsaw, Berlin and Paris—longest train journey on the earth.

As the track has not yet been ballasted and some of the bridges and tunnels are not completed, regular traffic has not yet been started and probably will not be for several weeks. The official dedication will not be held until next fall, but the important fact stands that the National Government has completed the most important railway on the continent of Asia.

While the National Government has many important accomplishments to its credit, none compares with the completion of the Canton-Hankow railway. Started 30 years ago by an American syndicate,* but many times interrupted, the actual completion of the north-south rail link across China is comparable in many respects to the completion of the first trans-continental railway, the Union Pacific, across the United States. And as the Union Pacific brought territorial and political unity to the United States, preventing the western section from splitting off under alien control, so it is hoped the completion of the Peiping-Canton line will bring political and territorial unity to the Chinese nation, ultimately bringing back into the Chinese commonwealth the lost provinces of Manchuria now subjected to Japanese military oppression.

The completion of this all-important trunk line railway was an enterprise the full significance of which cannot be appraised at this time. Some far-sighted persons have described it as an enterprise which "may change the destiny of Asia." As the opening of the first American transcontinental railways, also constructed by Chinese labor, was responsible for the unification of the United States into one political body, many see similar influences here in connection with the completion of the Peiping-Canton railway. Some forecast that the opening of this railway will enable China to block the Japanese conspiracy to cut off North China. Others even see influences brought to bear which will result in the early recovery of the Northeastern Provinces now held by the Japanese army. When one explores into the ramifications and influences, economic and political, which will be affected by the opening of this railway, the subject becomes one of absorbing interest. Many foreign observers of the trend of affairs in Eastern Asia are convinced that the completion of the railway link between Hankow and Canton may constitute the most important accomplishment of the National Government and that the successful completion of this important job has justified all the effort, thought and money which went into the Kuomintang movement from its inception many years ago by the late Dr. Sun Yat-sen.

Americans have a special interest in this subject because they first saw the importance of this railway link and tried to build it, but they failed, and in failing, not only gave American financiers a black eye, but also contributed materially to the delay in the completion of this railway project, which had a retarding effect on China's political unification for more than a third of a century. It probably was a just retaliation on the part of the Chinese that no American firm was allowed to supply so much as a single spike in the present work of completing this Chinese trans-continental line. All equipment from rails to rolling stock was supplied by British firms and financed from the British share of the Boxer Indemnity.

It was in the early months of 1904 that certain American financiers and politicians connected with New York banking houses arrived in China with letters of introduction from officials in Washington. As a result of favorable representations, the Chinese Government granted the American Development Company a concession to construct the 740-mile trunk line between Hankow and Canton, with sidings and branches, the total mileage to be 918. In addition the American company was granted the right to establish a school for the purpose of training Chinese engineers in railway operation and maintenance. Had the enterprise been carried out, it would have had tremendous influence on railway construction in China and might have provided a basis for Sino-American cooperation in this important field of endeavor which would have had a tremendous repercussion upon the commercial relations of the two countries.

But the New York financiers and Washington politicans, instead of building a railway, put over a smart financial deal which netted them a good profit without doing any work aside from

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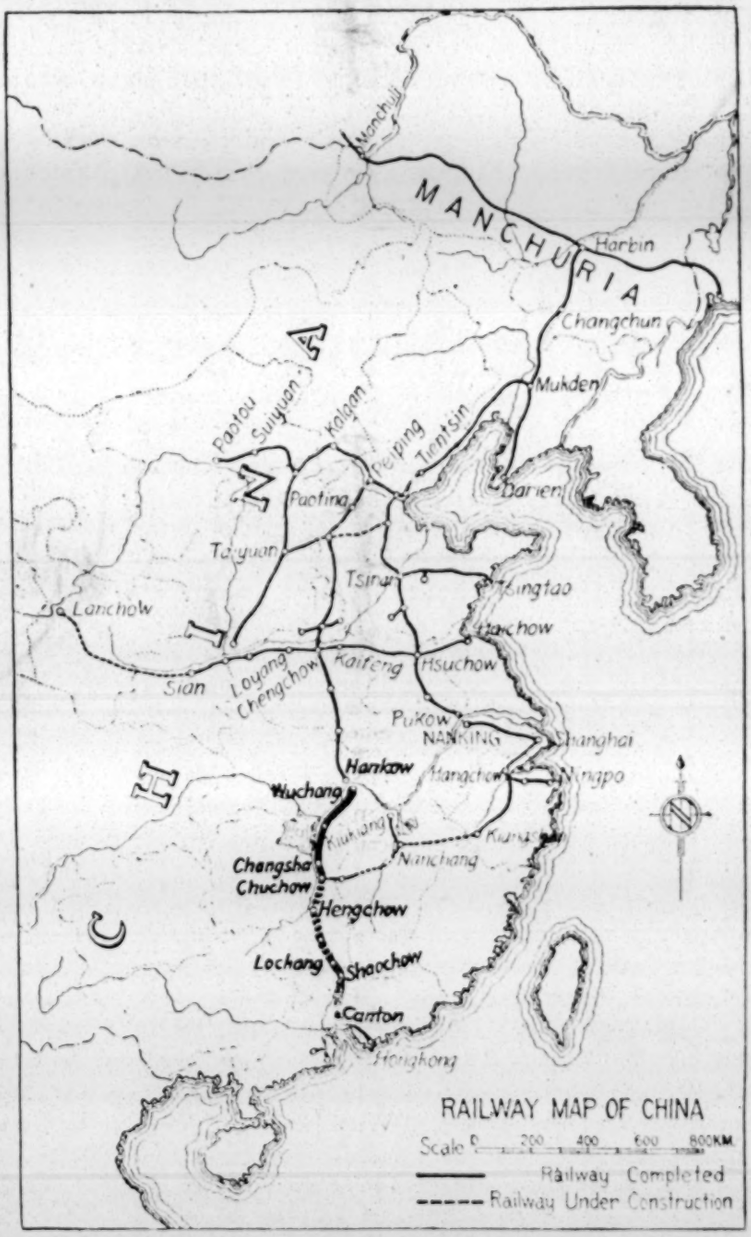
**The writer desires to express appreciation for information pertaining to the new Canton-Hankow Railway which was contained in an interesting pamphlet written by H. H. Ling, Director and Engineer-in-Chief of the Chuchow-Shaochow section of the Canton-Hankow Railway. The pamphlet was published at Hengchow, Hunan, June 30, 1935.*

initial survey of the line. In the first place, they allegedly sold their bonds at a considerable profit to a Franco-Belgian concern which it was discovered later on was a dummy set-up by British interests at Hongkong which did not want Americans to build a railway in territory which they regarded as Hongkong's back yard. When the Chinese found out that they had been misled by the New York financiers, they raised a row and finally paid the American Development Corporation the sum of G$6,750,000 for its rights and interests. It was significant that the Chinese imperial government obtained this money from a syndicate in Hongkong. It was largely due to the scandal resulting from this enterprise that the construction of this all-important railway, vital to the political unification of China was delayed for more than a third of a century.

While the Americans actually received the first concession for the construction of the Canton-Hankow railway, it was however, claimed that the line was first projected some 70 years ago by Sir Macdonald Stephenson, but very little is known today regarding that early British attempt. A recent report published in the *New York Times* attempted to excuse the American failure to carry out the undertaking to the Spanish-American War. It was claimed that the Americans actually built a short portion of the southern section of the road from Canton to Samshui and completed a rough survey of the entire line.

The construction of the northern section from Wuchang on the southern bank of the Yangtsze southward was started by the Chinese themselves in 1912, but was halted in 1914 by a shortage of materials due to the outbreak of the World War. Shortly after the war, the southern section, stretching 160 miles northward from Canton, was completed, as also was the section running southward 260 miles from Wuchang. The middle section through the mountains on the Kwangtung border was left in suspension until 1929 when the Nanking Ministry of Railways tried to obtain funds from the Belgian section of the Boxer Indemnity. But by 1930 these funds were exhausted, so that the Chinese turned in 1933 to the British Boxer Indemnity Fund, from which source money was obtained leading to the active prosecution of the work on the uncompleted section. The area traversed by the uncompleted section is mountainous and required the construction of numerous tunnels, fillings and bridges which made it unusually expensive.

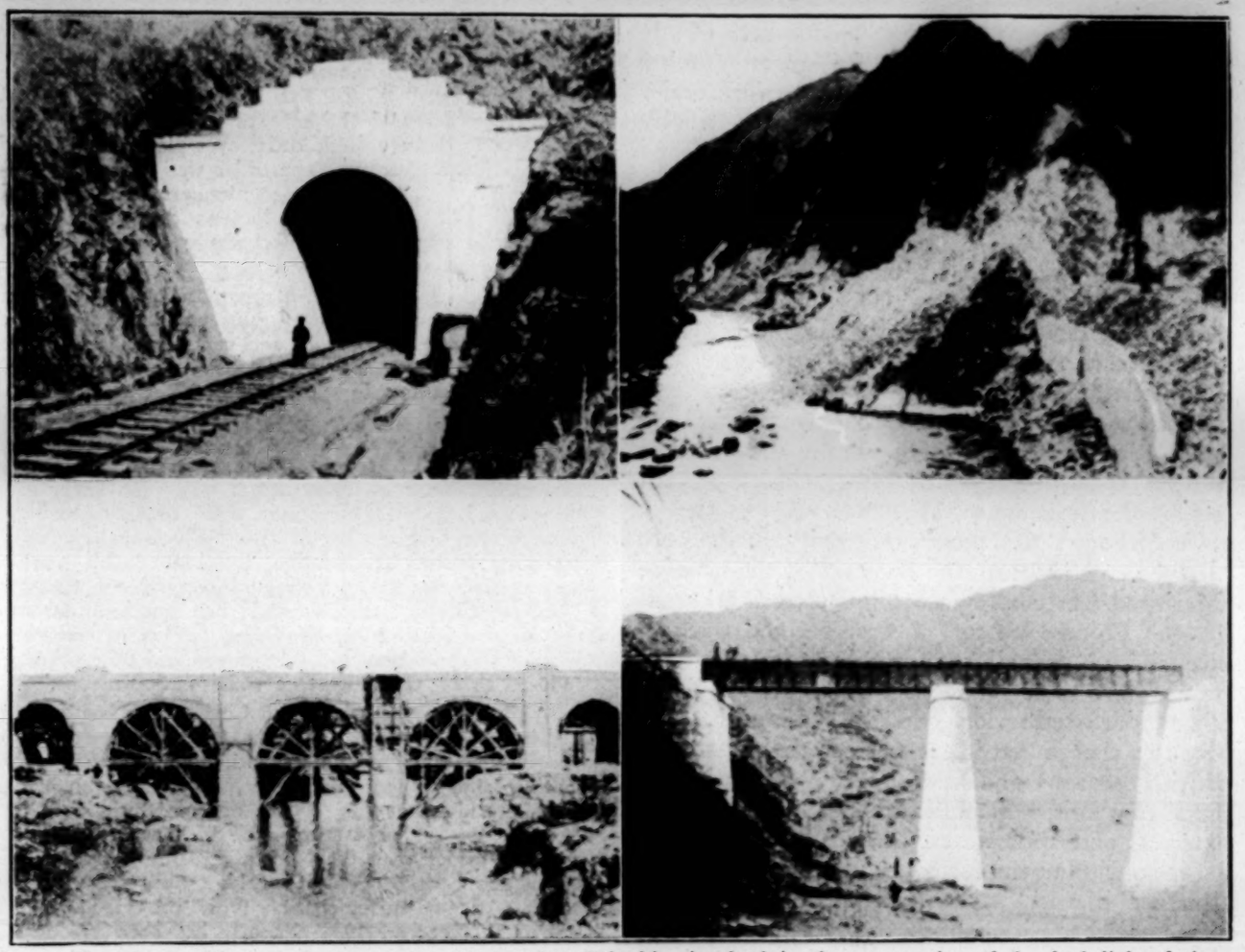
Dr. C. C. Wang, Chairman of the Chinese Railway Purchasing Committee in London, who formerly served as Director General of the Chinese Eastern Railway and who is well informed on railway history in China, stated in the course of a recent article dealing with the Canton-Hankow Railway which was published in the London *Asiatic Review*, that the failure of the



The above map shows the strategic and economic importance of the new railway.

American company to construct the railway was due to a disagreement which arose between the contracting parties, otherwise, the American group and the Chinese. Unfortunately, Dr. Wang failed to state what the trouble was, and recent attempts have been made to excuse the American group from blame on the ground that its failure was due to intrigue of European colonial interests centered in Hongkong which were determined not to permit any financial group of non-British nationality to enter the South China field. But

CHINA'S MOST IMPORTANT RAILWAY NEARLY READY FOR THROUGH TRAFFIC



The pictures illustrate the tremendous engineering difficulties involved in the construction of the final link of the Canton-Hankow Railway. Upper left, a completed tunnel; upper right, a difficult rock cutting amidst picturesque surroundings; lower left, reinforced concrete bridge construction; lower right, a 2-span modern type steel girder bridge.

regardless of the cause, the American failure led to a stoppage of all construction for practically two decades.

Some years later another attempt was made to finance the construction by a new loan issued through an international group known as the Hukuang Railway Syndicate. Construction was started with the proceeds of this loan and about one-third of the railway from the north and one-third from the south were actually built. But owing to the outbreak of the World War in 1914, further financing became impossible and construction was again suspended. The road was, therefore, left with a gap of about 252 miles in its center for more than 20 years. After the World War, international finances again became so disorganized that work on the missing link was found quite impossible. But, as fate would have it, it was the much maligned Boxer Indemnity which made the resumption of construction of the middle section possible.

As a result of the precedent established by the Americans in remitting their share of the Boxer Indemnity in 1908, the British Government declared in 1922 that it would return its share of the indemnity, an action for which Sir Austen Chamberlain received chief credit. According to Dr. C. C. Wang, the first official announcement of the British Government of its intention to return the indemnity was contained in an Act of Parliament in December, 1922, which provided for the creation of an advisory committee. This Act was finally passed in June, 1925. The Anglo-Chinese advisory committee created in accordance with this legislation contained eleven members of which three were Chinese, Dr. Hu-Shih, the philosopher; Dr. V. K. Ting, the eminent geologist; and Dr. C. C. Wang, the railway engineer referred to in the foregoing.

A commission was sent to China to made an investigation, which was headed by Lord Willingdon, late Viceroy of India. It contained in its personnel Prof. Soothill of Oxford University and Dame Adelaide Anderson, the social worker. The commission spent the greater part of 1926 investigating conditions in China and finally recommended that the fund "should be partly applied to immediate educational purposes along the lines of agriculture, science, medicine," etc., and, furthermore, that part of the money should be invested in much manner as to fulfill the following conditions: (1) It must be some new work

in China; (2) It must be of national significance so as to serve as a permanent monument; (3) It must do the most good for the largest number of people; (4) It must give the best return under similar circumstances. The commission finally recommended the construction of the unfinished section of the railway between Canton and Hankow as the most important work which could be undertaken. The estimated cost was put at £5,000,000., about half of which has was to go into local costs, including labor, and the other half to be devoted to the purchase of materials abroad, such as rails, freight and passenger cars, locomotives, machinery, steel bridge work, cross ties and other timber, etc. Ordinarily rolling stock represents about 21% of the total cost of railway construction, while rails, bridges, signals, etc., represent another 21%.

Although the Boxer Indemnity funds were derived entirely from the revenues of the Chinese Maritime Customs, hence constituted a tax paid by the Chinese people, it was specified that all material for the railway purchased with this fund would have to be obtained in Great Britain. This element aroused serious criticism in Chinese circles due to a charge that it has created a monopoly for British interests and allegations even have been made that British manufacturers have pooled their interests and apportioned this profitable Chinese business without the formality of competitive bids. Further ill-will, particularly among competing firms of other nationalities, has also developed as a result of the clever British financing, worked out by the Hongkong and Shanghai Bank, which utilized the Chinese Boxer money for creating a so-called "perpetual revolving fund" over which the Chinese allegedly have little control despite the fact the money was derived from Chinese taxation sources. According to the scheme, money is advanced from the Indemnity "revolving fund" for specific projects, but must be paid back to the fund with interest. As a result competing firms of other nationalities have expressed the fear it would lead to the creation of a financial monopoly or "trust" which might conceivably obtain control of all railways and industrial projects in the country.

The purchase of such a large amount of manufactured material had an important effect in relieving unemployment in Great Britain during the depression, a matter which was forecasted by the British investigation committee when it inspected the situation in 1926 and recommended Parliamentary action. Many Chinese have pointed out that since British interests derived such handsome returns from contracts financed through the accumulated Chinese Boxer revenues, the British Tory Cabinet might have taken this element into consideration when China needed, but did not receive full British assistance when the Manchurian issue was before the League of Nations.

Recently there were unloaded at Woosung 6 Vulcan type locomotives, each of which, with tender, weighed 146 tons, which will be used on the Canton-Hankow line. This cargo, in many ways the most remarkable ever transported to the Far East from an occidental country, represented the first of a total order for 24 locomotives, largest single order ever placed in England by an oriental country. The order was of such magnitude, as it also included large numbers of freight and passenger cars and other equipment, that several large factories in England were exclusively occupied on the job for practically three years.

As indicated in the foregoing, the construction of the Canton-Hankow railway was completed in three sections, northern, southern and central. The northern and southern sections were the easiest to construct due to more favorable natural conditions. The most difficult part of the uncompleted section of 252 miles was the stretch from the town of Lokchang to Chenchow across the divide which separates Hunan from Kwangtung Province. Work on this section was very heavy and necessitated many rock cuttings, much tunneling and the construction of a number of high viaducts and extensive retaining walls. The original location of this section was carried out by British engineers of the Canton-Hankow railway company and their specifications recommended 66 tunnels. However, further survey work enabled the alignment to be improved and tunnels to be reduced to 14, the longest of which is 300 meters.

The northern section from Chuchow to Hengchow, a distance of 130 km., traverses rolling country which necessitated only one tunnel with a minimum of rock cutting and walling. However, there are three important bridges on this section, one of which, over the Lo Ho, consists of 4 spans each 45 meters in length. Another bridge over the Mi Ho consists of 2 spans of 45 meters each. The third bridge over the Lei Ho consists of 4-60 meter spans. Work on these bridges, started in October, 1934, recently has been practically completed.

The transportation of materials, most of which came from England, constituted a serious problem. The shipping of the locomotives, among the largest ever shipped to Asia, necessitated the chartering of a special motor vessel owned by Norwegian interests which was equipped with special loading and unloading machinery for this particular purpose. The boat carried a special steel crane capable of lifting an entire locomotive or steel coach.

Some of the chief items in the construction give an idea of the magnitude of the job: for example, there were 50,000 tons of rails and fittings; 6,000 tons of steel work for bridges; 570,000 sleepers (ties); 527,000 barrels of cement and many thousand additional tons of miscellaneous steel work; as well as tools and plant of all kinds. About two-thirds of this material, after being landed in China, was transported up the Lei River from the north as far as Chenchow in small junks, about 300 of which were frequently used at one time. Technically the rails used were similar to those on other Chinese roads, being known as the Chinese national standard 85-lb. a yard material, the rails being 40 feet long. The width of the track follows the American standard 4-ft, 8.5-in. There are 96 stations on the entire line.

It is difficult to estimate in advance the economic and political significance of the completed railway. In the first place, the section traversed by the road is rich in agricultural and mineral resources, the development of which will be greatly speeded up by the new line. Hunan Province, which the new railway crosses from north to south, has a yearly production of cereals amounting to 140 million piculs (one picul being equivalent to 133 lbs.) of which 2,296,000 piculs are exported chiefly through the northern section to Hankow. Of the international exports from Hunan, wood oil (used

largely in the American paint and varnish trade) amounts ordinarily to about 39%. In 1930 this product alone brought China practically G.$20,000,000 from the United States. Another export of international importance, antimony, also bulks large in Chinese economy. In 1930 this item amounted to 23% of the exports of the province. Hunan is also rich in coal, being the leading coal producing province south of the Yangtsze. Heretofore the export of coal has been greatly handicapped due to lack of transportation. The yearly provincial production of about a million tons, including Pinghsiang coal, has been carried out through the northern section of the line to Hankow, but practically no coal has ever been taken out through the south due to transportation difficulties. Naturally it is expected that the opening of through transportation will have a tremendous effect on the industrial economy of South China due to the transportation of Hunan coal to Canton. Conversely the rai way will also facilitate the transportation of such manufactured products as salt, sugar, fruit, silk, cotton goods, sea products and other daily necessities from both Hankow and Canton to the interior districts touched by the railway. It is expected that the railway will have more than enough business to occupy its services for great many years to come.

The early construction of a £2,000,000 iron and steel plant at Canton, the contract for which recently was awarded to the British firm of H. A. Brassert and Company, owes its inspiration to the completion of the railway which will make Hunan-Kwangtung iron and coal available for Canton.

Aside from the element of freight transportation, the new railway will also be of inestimable value as a carrier of human cargo—otherwise passenger traffic. Heretofore it has required from ten to twenty days to travel from Hankow to Canton—almost equivalent to the time required to travel from Shanghai by trans-Pacific steamer to Seattle. As soon as the railway is in efficient operation, it is expected that a service not exceeding 32 hours will be maintained from Hankow to Canton-Kowloon-Hongkong.

So far as Shanghai is concerned, the railway will be important chiefly from a passenger carrying standpoint because it will enable residents of this city to travel to Canton by rail, whereas it is now necessary to travel by sea, the journey requiring some three or four days. Along with the completion of the Canton-Hankow line, the Chinese Government is also pushing construction on a connecting line from Shanghai which will pass through Hangchow, capital of Chekiang, and Nanchang, capital of Kiangse, and will connect with the main Canton-Hankow line near Changsha. The estimated time of travel from Shanghai to Canton has not been announced, but it probably will not exceed forty hours, which is the average time between Shanghai and Peiping.

Although through traffic probably will not be inaugurated for several weeks, the linking up of the rails has already precipitated some serious domestic problems, both economic and political. One problem is concerned with the location of the head office of the railway. According to a report in the *Shun Pao* on May 7, the Ministry of Railways originally planned to establish the head office at Hengchow in Hunan Province, which is about midway between Hankow and Canton, but the authorities of Kwangtung Province demanded that the head office be located in Canton. The Minister of Railways, Chang Chia-ngau, who recently visited Canton, discussed this problem with the Southwestern leaders, but no decision was reached. The Canton Chamber of Commerce and other commercial interests in South China have recently been bombarding the Nanking Government with telegrams and resolutions pointing to the importance of Canton as the most desirable site for the head offices.

In addition to the location of the head office, there is also a serious dispute regarding the division of revenues and policing because the railway traverses territory which is both Nanking and Canton in its political affiliations.

Aside from purely domestic elements and issues is the larger matter of political and military strategy as affected by the linking up of Canton and its financial, economic and political strength with the Central Yangtsze and West China. The Japanese have watched the completion of this railway with great interest, not unmixed with anxiety, and recently have charged that it would give British interests at Hongkong a predominant influence over the economy of Central and West China. For this reason there were rumors several months ago when the Japanese issued an ultimatum to the Chinese military authorities at Hankow that the real Japanese purpose was to interfere with the final completion of the line. But nothing further has happened since that time.

Although it has never been discussed officially, it is obvious that the completion of the Canton-Hankow railway, with branch connections to Szechuen and the other Southwestern provinces, will inevitably strengthen Chinese strategy in the event of a war with Japan. This is due to the fact that the new railway should enable China to maintain connection with the outside world through the south in the event of a Japanese blockade of central and northern portions of the country and in addition would facilitate troop and munition shipments from Canton to the north.

Reference also should be made to another problem precipitated by the completion of the railway which concerns the relations of the British colony of Hongkong and the Chinese metropolis of Canton, long bitter rivals for the control of the commerce and industries of South China. Several years ago when Canton was controlled for a brief period by a Yunnanese political-military group, a concession was given to certain British interests in Hongkong to construct a 5-mile railway connecting the Canton-Hankow and the Canton-Kowloon lines. Commercial interests in Canton had long opposed the linking of the Chinese-controlled Canton-Hankow line with the British-controlled Canton-Kowloon line due to the fear that it would lead to the diversion of railway freight and passenger traffic from Canton to the British port of Hongkong which is located at tide-water. Canton is located several miles up the tidal Canton and Pearl Rivers which are not navigable for deep-sea cargo vessels and ocean liners. The concession which was granted to British interests, known as the "Cassell Concession" due to the name of the British promoter, also provided for British exploitation of mines and other resources in the areas adjacent to the railway. Chinese political elements affiliated with the late Dr. Sun Yat-sen made a serious political issue of the Cassell concession on the ground that if carried out, it would lead to the "Manchurianization" of South China by British interests centered in Hongkong. It was claimed that the linking up of Hongkong directly by rail with Kwangtung would tend to draw South China within the sphere of the British Colony somewhat as the Japanese government controlled South Manchuria Railway drew Manchuria within the sphere of Dairen and Japanese imperial-colonial influence.

The completion of the Canton-Hankow railway has again precipitated this old issue, but in not such an acute form as previously, possibly due to the fact that Cantonese commercial and political elements have been greatly strengthened in recent years, and in consequence, the ability of British Hongkong interests to dominate Canton and Kwangtung has been considerably lessened. However, the linking of the two railways still constitute an element of discord which recently has received emphasis in the news reports.

Several months ago the Canton authorities appointed Dr. Lo Wen-kan, former Minister of Foreign Affairs and Justice in the old Peking Government, as director of the Whampoa Harbor Commission, the object being to promote the development of a deep-water harbor that would enable sea-going vessels to navigate the Canton and Pearl Rivers directly to Canton. According to a report in the *Shun Pao* on March 31, the Ministry of Finance at Nanking decided to appropriate the sum of $500,000 monthly toward the Whampoa project. It was stated that plans had been made to extend the Canton-Hankow railway directly to Whampoa harbor. However, another report, also in the *Shun Pao* on March 31, said that as a result of negotiations conducted at Canton by Sir Frederick Leith-Ross, the Canton authorities had agreed to the linking of the Canton-Hankow line with the British line running to Kowloon and Hongkong.

Li Hsien-ken, Managing Director of the Canton-Hankow line, recently went to Nanking and interviewed Gen. Chiang Kai-shek on various problems concerned with the opening of traffic and management of the completed railway.

J.B.P.

Japanese Army Takes Over in the North—Did Sung Cheh-Yuan Agree?

GENERAL Sung Cheh-yuan, Chairman of the so-called Hopei-Chahar Political Council, one of the three "autonomous" districts of North China, returned to Peiping from Tientsin on May 15. General Sung had been in Tientsin in almost daily secret conference with high officers of the Japanese garrison for more than a month. When asked for his opinion about the increase in Japanese troops in North China, General Sung stated that he had not been informed of the Japanese decision, despite the fact he had been in intimate contact with Japanese military officers for a considerable period. The Japanese reinforcements consisting of some 7,600 troops from the Kawabe brigade of the Fifth Division, began to arrive in Tientsin and Peiping on special trains from Chinwantao, on May 15, the same day General Sung decided to return to his headquarters at Peiping. A *Reuter* reports from Peiping (May 15) stated that "during his stay in Tientsin, General Sung was engaged in negotiations with the Japanese military authorities concerning diplomatic questions affecting North China." On the same day the Tokyo War Office announced, "Japan has decided to increase the number of troops in the Japanese garrison in North China . . . the War Office authorities are deeply concerned over the existing situation in North China, particularly over the menace of communist troops and the subversive activities of communists and anti-Japanese organizations in the Peiping and Tientsin area."

Also on May 15 (another humiliation date?) General Sung Cheh-yuan, in the course of an interview with Chinese newspapermen, declared there could be no solution of the smuggling problem in the North until, (1) China and Japan reached an agreement; (2) the Chinese Government reduced its tariff; (3) unified customs control was established at Tientsin. Regarding the increase in Japanese troops, General Sung declared that the Boxer protocol (signed 35 years ago) limiting the number of foreign patrol troops to 800 for each nation, had been changed so far as Japan was concerned by the agreement signed last summer by General Ho Ying-chin, Nanking War Minister, with General Umetsu, then Commander of the Japanese garrison at Tientsin. General Ho at that time was Chairman of the Military Affairs Commission at Peiping. With regard to the so-called East Hopei (Yin Ju-keng Government) General Sung said that it could not be abolished because of the opposition of the Japanese Kwantung army which controlled Manchuria. He said that General Tada, retiring commander of the Tientsin garrison and Major-General Matsumuro, (successor to Doihara) and head of the Special Service Bureau of the Japanese army at Tientsin, favored the abolition of the East Hopei regime. General Sung declined to discuss the so-called "anti-Red" pact which the Japanese military authorities had been pressing him to sign and which the Chinese newspapers in the South alleged he had already initialled and sent to Nanking.

While the Japanese military authorities had decided several months ago to "take over" North China by increasing the Tientsin garrison from 3,000 to a full division of 10,000 to 12,000 men, the details were not worked out until recently when the so-called "unified control" of Japanese diplomacy toward China was made effective. By unified control was meant the full participation of representatives of the Japanese Army and Navy in the formation of Tokyo policies.

Japan's new plan of "harmonized diplomacy and national defense" went into effect at 2 o'clock on the afternoon of April 24 when Hachiro Arita, Foreign Minister met with General Count Hisaichi Terauchi, War Minister and Admiral Osami Nagano, Navy Minister, for a discussion of Japanese policy toward both China and Soviet Russia. Acording to the *Asahi Shimbun* the discussion was concerned with the "future trends of the East Hopei, Inner-Mongolian and Hopei-Chahar regimes, the shift of communist troops to North China, conditions in Outer-Mongolia and the Soviet-Mongolian agreement." The *Jiji Shimpo*, in a further discussion of the new "unified diplomacy" said that the first item on the agenda was an examination of Japan's policies toward Russia and China, the inclination being to lump the two countries into one category thus requiring co-

operative effort between the Foreign Office and Fighting Services. Referring to details of the cooperation, the *Jiji* said that the Army desired a further development and strengthening of the "autonomous" North China regimes—Hopei-Cahar, East Hopei and Inner-Mongolia—while the Foreign Office desired to "reap the fruits of economic cooperation between Japan, Manchukuo and China through the early 'normalization' of the relations between the two Japanese governmental services, the two major objectives of both being the prevention of bolshevization of East Asia and stabilization of the Far East." The *Asahi Shimbun* in a further report said that Japan's policy "would now become more positive as a result of the conclusion of the pact between Soviet Russia and Outer-Mongolia." The Chinese paper, *Ta Mei Wan Pao*, in the course of a discussion of the recent negotiations betweeen the Chinese and Japanese representatives at Tientsin, said that Japan was pressing for "joint cooperation against the communist invasion, in which connection the Japanese Army was planning to make military preparations along the Kalgan-Urga highway, which had necessitated the increase in the Japanese garrison at Tientsin." In addition to the anti-red pact the Japanese also have demanded, acording to the *Ta Mei Wan Pao*, the complete financial and communications independence of Hopei-Chahar from the Nanking Government.

In this connection it was regarded as significant that there also arrived in Tientsin, along with Lieutenant-General Kanichiro Tashiro, commander of the increased Japanese forces, on May 19, another high Japanese official named Daiji Satani, former director of the Tokyo Communications Bureau who has been appointed "adviser in communications" to the Hopei-Chahar Political Council. Mr. Satani, according to rumor, was brought to Tientsin by the Japanese military authorities for the purpose of placing him in complete charge of all communications organs in North China, including railways, telegraphs, radio, etc.

As for the details of the Japanese "occupation," the reinforcements, some 7,600 new troops, arrived at Chinwantao aboard four army transports on May 15 and immediately were dispatched to quarters in Tientsin and Peiping and at strategic points along the Peiping-Mukden railway. The recent activities of Japanese survey parties at various railway junctions along the Peiping-Mukden, Tientsin-Pukow, Peiping-Hankow and Peiping-Suiyuan, indicate the apparent intention of the Japanese Army to occupy all strategic points, even including, according to the Chinese newspapers the junction point at Shihchiachuang where the narrow-guage branch line connects the Peiping-Hankow line with Taiyuanfu, capital of Shansi. This junction is practically 200 miles south of Peiping, hence the Japanese will also, in all probability, occupy Paotingfu, capital of Hopei province. The Chinese papers also claim that large forces have been sent to Inner-Mongolia by the Kwantung army and furthermore that the Kwantung army, incensed at an attempt of the officers of the Japanese garrison at Tientsin to "liquidate" the East Hopei regime of Yin Ju-keng, have sent some 3,000 additional Japanese and Manchukuo troops into the Luantung area to the north of Tientsin. A portion of the reinforcements sent to Tientsin on May 15 were later dispatched to Tungchow, capital of the East Hopei regime.

Yin Ju-keng, head of the East Hopei "Autonomous Anti-Communist Government," announced on May 18 that he was negotiating a separate tariff agreement with Manchukuo. The announcement was made simultaneously with the arrival at Tungchow of Kao Tsung-lo, chief of the secretariat of the Manchukuo Foreign Office, who traveled to Tungchow by way of Peiping and who was greeted at the Peiping central station by a large crowd of Chinese and Japanese officials. This, incidentally, was the first visit of a Manchukuo official at Peiping, hence his welcome both at Peiping and at Tung chow constituted a harbinger of important future developments, including Peiping's early recognition of Manchukuo. Yin Ju-keng, in the course of an interview broadcasted by *Domei*, declared that his East Hopei regime and Manchukuo had a common aim in "restoring ancient Oriental culture and spirit while simultaneously borrowing the desirable aspects of occidental civilization." Yin declared there was significance in the fact that he staged the reception to the Manchukuo delegate in front of the Confucian temple in Tungchow.

Gen. Feng Yu-hsiang, once known as the "Christian General" and now Vice-Chairman of the Military Affairs Commission, whose interview stirred up the Japanese warlords.

There also was significance in the fact that the Hopei-Chahar Political Council, a few days prior to the arrival of the Japanese reinforcements, issued a circular order to all governmental and private schools in the Peiping-Tientsin district ordering them to immediately suspend all military training of students. All military instructors assigned to the schools by the War Department of the National Government at Nanking were ordered to leave North China at once. No explanation was made for the order but it was generally understood that the Japanese were back of it. Military training in Chinese schools was introduced after the Japanese occupation of the Manchurian provinces in 1931 but with few exceptions no rifles were ever issued to the students.

As Lieut.-Gen. Tashiro is the highest military officer to be appointed to command the Japanese garrison at Tientsin since the Boxer Rebellion, and is the first to be appointed by Imperial Rescript of the Emperor, he was given an enthusiatsic welcome by the Japanese military and civilian population in Tientsin. A report in *Central News* stated that he received a full salute of 19 guns, but this was not confirmed from Japanese sources. Immediately after landing Gen. Tashiro announced that his appointment constituted no change in Japanese policy "which has been firmly and unalterably

established." He called upon all Japanese officials and residents to "make a concerted effort to establish permanent peace in East Asia." The *Domei* report mentioned only one Chinese official in the welcoming party, Chen Hsueh-shing, managing-director of the Peiping-Mukden Railway who owes his appointment to the Imperial Japanese Army. Mr. Chen is the son of a Chinese merchant in Yokohama and is a Japanese subject.

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Nanking strongly protested the increase in Japanese troops in North China and instructed Ambassador Hsu Shih-ying at Tokyo to call on Foreign Minister Arita and demand the recall of the Japanese troops on the ground their dispatch to China was prejudicial to the relations of the two countries. According to the Nanking Foreign Office there were sufficient Chinese troops in North China to handle the communist situation, hence the increase of Japanese troops had some other objective, indicating the Japanese Army possessed ulterior motives. The Spokesman at Nanking also said the Japanese Army's action was contradictory to Koki Hirota's recently announced policy of "non-aggression." In reply to an inquiry by foreign correspondents in Tokyo, the Foreign office denied that China's protest had been received—which statement was explained at Nanking on the ground the protest had been mailed to Tokyo instead of being sent by telegraph.

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Gen. Feng Yu-hsiang, Vice-Chairman of the Military Affairs Commission at Nanking and thus the second-highest military man in the country in rank, declared in the course of an interview with correspondents in Nanking that Japan's real object was not to wage war on Russia, but rather to conquer the whole of China. He stated that any power which "robs our territory," and "enslaves our people" is China's bitterest enemy while those powers which respect China's territory and the rights of the Chinese people are China's friends. He declared that peace with Japan was no longer possible and armed resistance to Japanese economic, military and political pressures, wherever applied, is now imperative. He expressed the view that China couldn't wait for any nation to come to her rescue, but must save herself and that defense of her territory was China's greatest problem. Immediately following the publication of the Feng interview in newspapers in Great Britain and the United States, the Japanese brought pressure at Nanking and according to reports in the Chinese papers, compelled the spokesman of the Nanking Government to disavow the Feng interview on the ground that the General had not authorized publication of his remarks.

Nanking Makes Public Tangku Truce Agreement; Hu Han-min's Will Urges Resistance to Japan

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Nanking Denies Japan's Claims Under Tangku Truce Agreement.**
2. **Gen. Tashiro, New Commander of Japanese Garrison, Arrives in Tientsin.**
3. **Hirota Says Japan's Relations With Russia and China Regrettably Poor.**
4. **Japan to Emigrate 5,000,000 Persons to Manchuria Within Twenty Years.**
5. **Canton Reported Sending Mission to Japan to Seek Financial Aid.**
6. **Hu Han-min's Will Urges Resistance to Japanese Aggression.**
7. **Modification in Southwest's Attitude Possible Following Hu's Death.**
8. **Canton Protests Killing of Seven by French Police in Kwangchowan.**

Interviewed May 18, a spokesman of the Foreign Office at Nanking emphatically declared that there is absolutely nothing in the Sino-Japanese Truce Agreement signed at Tangku on May 31, 1933, to justify Japanese interference with the operations of the Customs Preventive Service in Eastern Hopei. The terms of the agreement, he added, did not in the least way affect the political or administrative powers of the Chinese Government and no restrictions whatsoever are imposed on the operations of the Customs which came within the scope of administrative matters.

A translation of the Tangku Truce Agreement follows:

"Having accepted on the twenty fifth day of May 1933 the proposal for the termination of hostilities made by Lieut.-General Hsiung Ping, Chief of Staff to the Peiping Branch Military Council under authorization from General Ho Ying-chin, Chairman of the said Council;

"General Nobuyoshi Muto, Commander-in-Chief of the Kwantung Army, has authorised Major-General. Neji Okamura, Chief of Staff of the Kwantung Army to sign as representative of the Kwantung Army with Lieut.-General Hsiung Ping as representative of the Chinese Army in North China, duly authorized by Gen. Ho Ying-chin, the following Truce Agreement.

"First, the Chinese Army shall immediately withdraw to the regions west and south of the line from Yenching to Changping, Kailiyung, Sunyi, Tungchow, Hsiangho, Paoti, Lintingkow, Tingho and Lutai and undertakes not to advance beyond that line and to avoid any provocation of hostilities.

"Second, the Japanese Army may at any time use aeroplanes or other means to verify the carrying out of the above article. The Chinese authorities shall afford them protection and facilities for such purposes.

"Third, the Japanese Army after ascertaining the withdrawal of the Chinese Army to the line and not to continue to attack the Chinese troops and shall voluntarily withdraw to the Great wall.

"Fourth, in the regions to the south of the Great Wall and to the north and east of the line as defined in Article First the maintenance of peace and order shall be undertaken by the Chinese police force.

The said police force shall not be constituted by armed units hostile to Japanese feelings.

Fifth the present Agreement shall come into effect upon its signature.

In faith whereof the two representatives have signed the present Agreement and affixed thereto their seals.

Signed: Neji Okamura, representative of the Kwantung Army.

Signed: Hsiung Ping, representative of the Chinese Army in North China.

Declaration: In case there shall be in the Demiliarized zone armed units disturbing peace and order which the police force shall be unable to cope with the situation will be dealt with by common accord between the two parties.

Signed: Neji Okamura,
Signed: Hsiung Ping.

Dated May 31, 1933.

GEN. TASHIRO, NEW COMMANDER OF JAPANESE GARRISON, ARRIVES IN TIENTSIN

A firm denial that his appointment signified a change in the Japanese Army's policy towards China was made May 19 by Lieut.-Gen. Kanichiro Tashiro, the newly appointed commander of the augmented Japanese forces in North China, on his arrival at Tangku aboard the s.s. *Chosan Maru*. The Japanese policy towards China, he added, has been firmly established, and would not experience any alterations. The officer called for a concerted effort on the part of Japanese officials and residents in North China to establish permanent peace in East Asia. After a brief rest, Lieut.-Gen. Tashiro proceeded to Tientsin in an armored motor-boat, accompanied by Col. Toshinori Nagami, chief of staff of the Japanese forces in North China. The transfer of business from Lieut.-Gen. Tada to Lieut.-Gen. Tashiro took place May 20. The former officer has been ordered to take over command of the Eleventh Division at Zentsuji, Shikoku Island,—until now commanded the Lieut.-Gen. Tashiro. The new commander of the Garrison has seen service in China previously, having served as chief of staff of the Japanese invading forces in Shanghai, during the hostilities of 1932.

Japanese troop reinforcements numbering 1,700 arrived in Tientsin by train early in the morning of May 15 from Chinwangtao. The newcomers, who include an artillery contingent, are from the Kawabe Brigade of the Fifth Division. The total reinforcements number 7,600, including 500 for the Peiping garrison.

The first detachment of the new Japanese Garrison for Peiping, numbering 150 men, arrived on the same day. The new garrison will supply a detachment for permanent duty in Tungchow, capital of the East Hopei "Autonomous" government.

HIROTA SAYS JAPAN'S RELATIONS WITH RUSSIA AND CHINA REGRETTABLY POOR

Despite the utmost efforts of the Japanese Government to establish "friendly neighbor" relations with China and Soviet Russia, the progress in this direction is regrettably poor, Premier Koki Hirota told the House of Peers on May 17, in reply to an interpellation. Parrying No Akaike's statement that China was placing her reliance upon Europe and the United States and was inimical to Japan, the Premier expressed his belief that most of the leaders of the Nanking Government have not changed their opinion of Japan to the worse and that they would eventually come to a correct understanding of Nippon's policies. The activities of European powers and the United States in China, Mr. Hirota emphasized, are mainly of an economic nature. This view was later supported by Hachiro Arita, Foreign Minister, who discredited the rumors that European and American financiers sought to exclude Japan from China. Commenting on the student movement in China ,the Foreign Minister voiced his belief that certain student groups were seeking to prevent Sino-Japanese rapproachement. Mr. Arita turned down the suggestion that the Japanese share of the Boxer indemnity be used for purposes other than cultural, declaring that the Government intended to use the funds for cultural work, "to make the Chinese understand Japan, even if it takes a hundred years to do it."

Shigeru Kawagoe was installed on May 15 as Ambassador to China at a solemn ceremony attended by the Japanese Emperor and Premier Koki Hirota. Instructions regarding the course to be pursued by Mr. Kawagoe will be given to him by Hachiro Arita, Foreign Minister immediately after the adjournment of the Diet in the last week of this month, *Domei* learned May 17. Japan's China policies will simultaneously be thrashed out at a joint meeting of officials of the War and Foreign Offices.

Having been informed that the National Government had given consent to the appointment of Shigeru Kawagoe by the Japanese Government as Ambassador to China, the Seamen's Union, the Musicians' Association, the Shoemakers' Association, etc., in Kwangtung, separately circulate telegrams stating that they deem it desirable that Nanking should consider him *persona non grata*. Kawagoe, the telegrams state, had served as Japanese Consul in many parts of China and everywhere he left traces which revealed his malicious intent of ruining the Chinese nation. To give assent to the selection of Shigeru Kawagoe as Ambassador, the telegrams continue, is tantamount to welcoming the carrying out of the Positive Policy of Japan in China.

The importance of effecting close co-operation with those foreign countries which treat China on the basis of equality, for a joint campaign against the Japanese aggressors was streessd by Chow Lu, influential Southwest leader in his speech delivered at the memorial meeting in commemoration of the May 4th Student Movement Anniversary at Canton. In his speech Mr. urged the following four things:

1. All parties must give up their political activities and concentrate their efforts on the Anti-Japanese movement.
2. The cessation of internal war is essential for an effective resistance against the Japanese.
3. Students, workers and merchants must rise up in arms to form a united front against the Japanese.
4. We must obtain assistance from a foreign country which treats us on the basis of equality.

JAPAN TO EMIGRATE 5,000,000 PERSONS TO MANCHURIA WITHIN TWENTY YEARS

Plans for the mass emigration to Manchukuo of one million Japanese families, representing 5,000,000 individuals, in the next 20 years are fast assuming a definite form, Lieut.-Gen. Seishiro Itagaki, chief of staff of the Kwantung Army, said at Changchun May 16 following his return from Tokyo. This wholesale migration, the officer said, would require an expenditure of Yen 100,000,000 every 10 years. Under this grandiose scheme, Lieut.-Gen. Itagaki said, it would be "more advisable for entire villages and hamlets to emigrate as a unit."

After attending the conference of chiefs of staff of Japanese armies overseas and of divisions at home, Lieut.-Gen. Itagaki is understood to have reached an understanding with Government officials on three highly-important military matters. These were:

1. Gradual increase of Japanese military forces in Manchukuo beginning next year to match the strength of the Soviet troops concentrated along Manchukuo's borders.
2. Strengthening of Japanese air forces in Manchukuo, and
3. Permanent stationing of Japanese military units in Manchukuo instead of the present system whereby units are sent out from Japan on a two-year tour of duty.

Daiji Satani, Director of the Tokyo Communications Bureau, who has been appointed adviser to the communications committee of the Hopei-Chahar Political Council, left Kobe May 19 for North China aboard the s.s. *Kitsurin Maru*. While serving the Chinese committee, he will be officially attached to the staff of the Japanese Garrison in North China.

After six weeks' absence, General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, returned to Peiping from Tientsin by special train May 15, accompanied by Lieut.-General Chang Tzu-chung, Chairman of Chahar, and Ko Ting-yuan, Secretary-General of the Hopei-Chahar Political Council. Referring to the Sino-Japanese negotiations for settlement of the issues affecting eastern Hopei and Charhar, General Sung said, at an interview, that although views were exchanged with the Japanese side, no concrete results have so far been achieved. The Hopei and Chahar problems affect both China and Japan. While the local authorities bear the responsibility of negotiations, final settlement rests with the Central Government. It was originally arranged with Lieut.-General Doihara, former Chief of the Special Service Division of the Japanese Kwantung Army, that the abolition of the bogus "East Hopei Autonomous Government" be effected within two months. But in view of the divergence of views between the Japanese Kwantung Army and the Japanese Army Headquarters in Tientsin, this has been delayed.

Following the resignation of Lo Chia-heng as special foreign commissioner of Hopei and Chahar provinces, the Ministry of Foreign Affairs has decided to abolish the Hopei and Chahar Special Foreign Commissioner's Office.

The Communications Commission of the Hopei and Chahar Political Council was inaugurated at Peiping May 14 under the chairmanship of Chen Chueh-sheng, Managing-Director of the Peiping-Mukden Railway Administration. The Legislation Committee of the Hopei-Chahar Political Council commenced functioning May 18. At its first meeting which was presided over by Teng Che-hsi, the Chairman, it was decided that members be designated to draft the rules of procedure of the Committee.

Six bandits were executed at Tientsin May 14. The executed men were Wang Hung-kwan, Liu Kuo-shun, Li Lo, Chang Pao-lin, Chang Teh-shan and Wang Yung-min.

CANTON REPORTED SENDING MISSION TO JAPAN TO SEEK FINANCIAL ASSISTANCE

Plans for the dispatch of a goodwill envoy to Japan, to secure financial assistance in the reconstruction of the south-western provinces, are being studied by leading officials in Canton, including Gen. Chen Chi-tang, according to a *Domei* report. The emissary, who is expected by these circles to represent the South-west Political Council, will emphasize the desire of the South-western provinces for an improvement of the relations with Japan.

The Swatow case is reported to have become serious again with the arrival of two Japanese Warships last week end. In a telegram to the Kwangtung Provincial Government, the Swatow Mayor declared that the Japanese are insisting upon the payment of $60,000 as indemnity.

According to a report in *Sin Wan Pao*, May 15 the Swatow case is being negotiated between the Japanese authorities and the special foreign affairs commissioner of Kwangtung and Kwangsi provinces. The report that the matter has been referred to Nanking is regarded as untrue.

CANTON PROTESTS KILLING OF SEVEN BY FRENCH POLICE IN KWANGCHOWAN

Kan Kai-hou, Foreign Commissioner of Kwangtung and Kwangsi, has lodged a strong protest with the French Consul in Canton regarding an incident which occurred at Kwangchowan, the French leased teritory in southern Kwangtung, on April 23. French police are alleged to have fired on a crowd of 7,000 Chinese demonstrators, killing seven and wounding 15. The demonstrators were approaching Government House with a petition against a new head tax. The Kwangtung Government's protest demands the punishment of those responsible for the shooting, compensation for the victims or their families and reduction of taxation. A delegation of Chinese from Kwangchowan who arrived in Canton to confer with the authorities on the subject have presented a petition stating that taxation has become extremely oppressive since the territory came under French rule in 1900.

The Executive Yuan formally approved on May 19 the draft agreement concluded between the Ministry of Railways and the French authorities in Annam for the revision of the Yunnan Railway contract, which was signed on October 29, 1903, according to a *Central News* report. The significant feature of the agreement consists of the appointment of a Chinese advisor to the railway administration who will serve as a liaison officer between the railway and the Yunnan Provincial Government. According to the text of the agreement, a part of police expenses which had been borne solely by the Chinese authorities in Yunnan will henceforth come from the French company. The agreement also stipulates that the French company shall undertake to appropriate an annuity for the subsidy of educational institutes in Yunnan.

HU HAN-MIN'S WILL URGES RESISTANCE TO JAPANESE AGGRESSION

The following will of the late Hu Han-min was recorded by Siao Fu-cheng, veteran Kuomintang leader in the Southwest, at the deatbbed of Mr. Hu on May 12 at 7.40 p.m.

"Despite my chronic sickness which compelled me to recupertae abroad, I was touched by the appeal of the Fifth National Congress exhorting the nation to continue the struggle during this hour of national crisis, and returned only to find external aggression more aggravated without any sign of positive resistance. In view

of this appalling situation, the poor state of my health has been more and more adversely affected.

"For over thirty years I followed Dr. Sun Yat-sen in carrying out the revolution and rigidly adhere to the belief that the salvation of the country lies in the enforcement of the Three People's Principles. A perusal of present-day conditions convinces me that the Principle of Nationalism cannot be preserved without resistance to Japanese aggression, the Principle of Democracy cannot be realized without breaking down the dictatorship, and the Principle of Livelihood cannot become a reality without eliminating the Communists.

"All faithful Party comrades should continue to abide by the teachings of Dr. Sun Yat-sen in order to complete our Party's task of national salvation."

NANKING DECIDES TO ACCORD STATE BURIAL TO HU HAN-MIN

Official decision to hold a state burial for the late Hu Han-min, Chairman of the Standing Committee of the C.E.C., at a site near the Sun Yat-sen Mausoleum at the Purple Mountain in Nanking was reached at an extraordinary meeting of the Standing Committee of the C.E.C. held on May 18.

The meeting also decided to send a delegation of eight high Government officials, headed by Chu Cheng, President of the Judicial Yuan, to Canton to attend the funeral rites of the late Party leader. The other seven members of the delegation are Sun Fo, President of the Legislative Yuan; Yeh Chu-tsang, Secretary-General of the Central Kuomintang Headquarters; Hsu Chung-chih, Vice-President of the Control Yuan; Chu Chia-hua, former Minister of Communications; Fu Ping-chang, member of the Legislative Yuan; Chu Min-yi, former Secretary-General of the Executive Yuan, and Li Wen-fan, C.E.C. member. Sacrificial services for Mr. Hu, the meeting also decided, will be held throughout China for three days, May 25, 26 and 27, when national and Party flags will be half-masted and all public entertainments suspended.

After the three-day memorial service the remains of Mr. Hu will be removed to Huang Hua Kang near the Tomb of the 72 Martyrs. After decision has been made by the Central Government authorities on the date of the State Burial, Mr. Hu's remains will be conveyed to Hongkong enroute to Nanking.

The government delegation to Canton to pay homage to the late Hu Han-min left Shanghai aboard the *Empress of Canada* in the evening of May 19. Leaving with the delegation aboard the *Empress of Canada* were O. K. Yui, secretary-General of the Ctiy Government of Greater Shanghai representing Mayor Wu Te-chen; Hsu Tze-tsun, representative of General Han Fu-chu, Chairman of Shantung; and Yang Te-chao, representative in Shanghai of General Chen Chi-tang, Kwangtung Army Commander. The delegation was seen off at the wharf by a big group of government and Party leaders prominent among whom were Dr. Wang Chung-hui, former judge of the Permanent Court of International Justice; Mayor Wu Te-chen; Li Hsien-ken, delegate from Canton to Shanghai. The party is expected to return to Shanghai on May 28.

The remains of Mr. Hu was encoffined in a solemn ceremony on May 13 at the Chung Shan Memorial Hall in Canton.

Attesting to the intense grief of the nation over the sudden death of Hu Han-min, hundreds of telegrams from all parts of China continue to pour into Canton during the week for Madame Hu and Miss Hu Mu-lan (daugter of Mr. Hu expressing sympathy and condolences. Gen. Pai Chung-hsi, deputy Commander-in-Chief of the Kwangsi military forces, has arrived in Canton by plane from Nanning for the special purpose of paying respects to Mr. Hu. Of the hundreds of telegrams of condolences that had been received at Canton were those from:

> Chairman Lin Sen of the National Government; General Chiang Kai-shek; T.V. Soong, Governor of the Bank of China; Gen. Huang Shao-hsiung, Governor of Chekiang; Hsu Chung-chih, vice-president of the Control Yuan; Tsai Yuan-pei, president of the Academia Sinica; Gen. Chang Hsueh-liang, acting Commander-in-Chief of the Communist-suppression forces in the Northwest; Chiao Yi-tang, president of the Supreme Court; Gen. Wu Chung-hsin, Governor of Kweichow; Gen. Liu Hsiang, Governor of Szechwan; Chen Kuo-fu, Governor of Kiangsu; Gen. Chang Chun, Minister of Foreign Affairs; Wang Yung-pin, Minister of Justice; Gen. Huang Mu-sung, chairman of the Mongolian and Tibetan Affairs Commission; Gen. Han Fu-chu, Governor of Shantung; Gen. Chen Yi, Governor of Fukien; Gen. Wan Fu-lin, member of the Hopei-Chahar Political Council; Gen. Liu Shih, Pacification Commissioner for Honan and Anhwei; Shao Li-tse, Governor of Shensi, and a host of other high government officials.

Among the North China leaders who have sent messages of condolences of Madame Hu Han-min are Gen. Hsiao Chen-ying, Mayor of Tientsin, and Chen Chung-fu, chairman of the Foreign Affairs Committee of the Hopei-Chahar Political Council.

Wang Ching-wei, chairman of the Central Political Council now in recuperation in Germany, has sent a message of sympathy and condolences to Madame Hu Han-min and Miss Hu Mu-lan over the untimely death of the late veteran Party leader.

The Legislative Yuan paid tribute to Hu Han-min, its first President, at the weekly memorial service held May 18. A Hu Han-min Membrial Hall and a bronze statue of the deceased will be erected at the new site of the Yuan. The anniversary of his death is to be observed on May 12 each year, and a Chantang (courtesy name of Mr. Hu) College established.

MODIFICATION IN SOUTH-WEST'S ATTITUDE POSSIBLE FOLLOWING DEATH OF HU

Important discussions on national unity are expected to follow the arrival in Canton of the Nanking delegates who are to attend the obsequies of Hu Han-min, states a *Reuter* message. The political effects of Mr. Hu's death cannot yet be predicted with certainty, but Chinese circles anticipate some modification in Canton's attitude towards Nanking, which would bring rapprochement nearer. High officials and military leaders of Kwangtung and Kwangsi are at present conferring on the situation. No sweeping changes in local political offices are expected, however, while the army will be little affected. General Chen Chi-tang remains the "strong man" of the South-west military set. Several names are mentioned as Mr. Hu's successor in the office of Chairman of the Standing Committee of the Central Executive Committee. Among them are those of General Feng Yu-hsiang, vice-Chairman of the Military Affairs Commission, and General Li Tsung-jen, of Kwangsi. General Feng is on good terms with the South-west group, while General Li's appointment would serve to cement the relations between Nanking and Kwangsi. Another possible Candidate is Chow Lu, a member of the Southwest Political Council, and Mr. Hu's natural heir as leader of the South-west "elder statesmen" group. He headed the Kwangtung and Kwangsi delegates to the National Congress last year.

Shanghai Mainichi reported on May 17 that probably either Hsiao Fu-cheng or Chow Lu will succeed Hu Han-min as chairman of the Standing Committee of the Central Executive Committee of the Kuomingtang. If neither of them are able to do so, then Sun Fo or Wang Chung-hui will be chosen. With the demise of Hu Han-min, whose theory was that "China is not ready for constitution yet, and party power should be the highest above all", the Southwest will be compelled to become closer to the Nanking Government regarding the constitution and the National People's Convention.

Well-informed circles in Nanking declare that it is still premature to consider the possible successor to fill the post of Chairman of the C.E.C. Standing Committee left vacant by the death of Hu Han-min.

Shanghai Mainichi on May 15 reported that, fearing oppression by the Nanking Government, following the sudden demise of Hu Han-min, the leaders of the Southwest will welcome the return of Wang Ching-wei to China.

With reference to Japanese reports circulated in Shanghai to the effect that the death of Hu Han-min has paved way for unification and that as long as he lived unification would not have been possible, an official spokesman said that this point of view is groundless since Dr. Wang Chung-hui was scheduled to leave Shanghai shortly in order to accompany Mr. Hu on his contemplated trip northward. Since his return to China Mr. Hu had been consistently advocating unification. His death is the greatest loss to the Party and the nation since the passing of Dr. Sun Yat-sen, for he has been recognized as China's greatest contemporary political thinker.

According to a *Hwalien* dispatch, the death of Hu Han-min is regarded by Japanese government leaders in Tokyo as a sign of early unification of China. Great attention has been given to this important political event in China by the Japanese leaders and it is reported that at the joint meeting of the Japanese War, Navy and Foreign Offices next week, discussions will be held for a revision of the Japanese policy toward China, as a result of the death of Mr. Hu.

NONA HUTUKETU REPORTED TAKEN BY REDS IN SIKONG

Nona Hutuketu, one of the most important religious and political leaders of Sikong, has been captured by communist troops while touring the western district on a government mission to bring about closer relations between the Sikong tribes and the Central authorities, according to a report appearing in the *Ta Kung Pao*. The lama head priest of Sikong is still alive, the report adds. He is being held at Tsanghwa in Northern Sikong.

Meanwhile, the Panchan Lama, spiritual leader of Tibet, is still in Kansu waiting for a chance to return to Lhasa.

According to *Shanghai Mainichi*, the Communist army, which devastated Szechuan and Yunnan, is now invading Sikong Province and has captured 17 *Hsiens* of Sikong. The main forces of Chu Teh and Hsu Hsiang-chien are now massing in the northern parts of Tatsienlu, while one part of them is infesting Lihua, Taochen and Ting Hsiang. The paper further reported that the troops under Hsiao Keh and Ho Lung, who had crossed the King Sa River at the beginning of May, are now proceeding towards a north-eastern direction for the purpose of joining the troops of Chu Teh and Hsu Hsiang-chien. The Communist armies are taking Chanhua, south of Lihua as a center of their activeties and are planning to establish a Soviet government there.

Hirota Tells Peers That Despite "Friendly Neighbor" Policy, Progress Is Poor

PREMIER Koki Hirota told the House of Peers, in reply to an interpellation May 17, that despite the utmost efforts of the Japanese Government to establish "friendly neighbor" relations with China and Soviet Russia, the progress in this direction is regrettably poor.

The session, held last Sunday to enable the Chamber to dispose of all the submitted bills before the adjournment on May 24, was devoted mainly to a discussion of Japan's relations with her two Oriental neighbors.

Parrying a member's statement that China was placing her reliance upon Europe and the United States and was inimical to Japan, the Premier expressed his belief that most of the leaders of the Nanking Government have not changed their opinion of Japan for the worse and that "they would eventually come to a correct understanding of Nippon's policies."

The activities of European powers and the United States in China, Mr. Hirota emphasized, are mainly of an economic nature. This view was later supported by Hachiro Arita, Foreign Minister, who discredited the rumors that European and American financiers sought to exclude Japan from China.

Mr. Arita said that he was "not certain" that the reports of the alleged Soviet-Chinese secret agreement were true, but added that the Gaimusho was paying attention to the rumors of the attempts by Chinese Communists to assume control of the Chinese Government. Soviet Russia's heavy armaments in the Far East, Mr. Arita continued, should be ascribed to her lack of understanding of Japan's policies and her suspicion of the latter nation's position.

Colonel Hata Hopes That Voroshilov May Visit Japan

A hope that Marshal Voroshilov, Soviet War Commissar, might find himself able to visit Japan was expressed May 11 by Col. Hikosaburo Hata, the newly-appointed chief of the War Ministry's press section, on his return to Tokyo from Moscow, where he served as military attache to the Embassy. "Rumors of a Soviet-Japanese war are just talk," Col. Hata declared. Illustrating the peaceful intentions of the Soviets, the Japanese officer declared that Red leaders had given out instructions not to retaliate if a Russian should be slapped by a Japanese in a fight. Members of the Privy Council, highest deliberative organ in the Japanese Government May 13, listened to a report on Soviet-Japanese relations made by Hachiro Arita, Foreign Minister.

Japan "Cultivates" Germany, Italy and Turkey

An ancient Japanese sword was presented to Reichsfuehrer Adolf Hitler by the Japanese Guild of Swordsmiths at a ceremony held at the German Embassy in Tokyo May 19.

Japan has accepted the Turkish Government's proposal for the convocation of a conference to discuss the revision of the provisions of the Lausanne Treaty dealing with the demilitarization of the Dardanelles, at Montreux, Switzerland, for three days, beginning on June 22.

Appreciation of the Japanese Government for the measures taken by the Italian Army in Ethiopia to safeguard the lives and property of Japanese residents and officials in Addis Ababa was conveyed to Marshal Badoglio, the new viceroy of the African country, by the Japanese Charge d'Affaires in the Ethiopian capital, on May 13.

Japanese Lower House Passes Yen 2,303,300,000 Budget—A Record Figure

Budgetary bills for the 1936-37 fiscal year totalling Yen 2,303,300,000—the biggest appropriation ever adopted by the Diet—passed the House of Representatives May 16. The measures, which were approved without amendment, will now go to the House of Peers.

Included in this sum are supplementary appropriations totalling Yen 31,300,000, which were necessary in view of the adoption of a working budget of Yen 2,270,000,000 based on last year's schedule for expenditures which went into effect on April 1 when the 1936-37 fiscal term began.

Ministers Approve State Control of Economy

State control of the nation's economy was approved May 12 in the Lower House in Tokyo by four member of the Cabinet, including Premier Koki Hirota. Dr Eiichi Baba, Finance Minister, and Gen. Count Hisaichi Terauchi, War Minister, followed the Premier on the rostrum to declare their belief in the state control of important industries, with an eye on the requirements of national defense. The Finance Minister, who is an ardent advocate of controlled inflation and "cheap money," added that he "wouldn't hesitate" to regulate investments, "if that becomes necessary."

Japan Police Worried by Sullen Resentment of Rightists

Alarmed by evidences of unrest in rightist ranks, Japanese police authorities are concentrating their attention on reactionary movements, Right wing elements, these quarters revealed, are "highly dissatisfied" with the vigorous attacks on the interfence of the military in national politics that have been made in both houses of the Diet during the present session.

Far from considering the action of the mutinous troops, who on Feb. 26 murdered three leading officials, as disloyal, the reactionaries are said to be indignant at the attitude of the Army in branding the men who took part in the coup as "rebels." They contend, police circles disclosed, that the punishment of the rebels and the purge of Army ranks will bring no relief unless "the basic faults which gave rise to the incident are corrected." This dissatisfaction, police said, is taking concrete form in the dissemination of sub-rosa publications of a violent character and in the opening of a whispering campaign designed to cause a panic among the people and unrest in Army ranks. Some nationalist groups, it was charged, consider the cabinet under Premier Koki Hirota as the major obstacle to the realization of the "Showa Restoration," under which the Japanese nation would be rebuilt as a totalitarian state with the Emperor at its head.

Civilian authorities in Tokyo forecast a new spurt of rightist activity upon the lifting of the martial law, which was clamped upon the Tokyo urban area on Feb. 27 and is still in force.

Grounds Sought for Passage of "Seditious Literature" Bill

Japanese parliamentary leaders and Government officials continuing to seek common grounds which would permit the passage of the controversial bill for the suppression of circulation of seditious literature. All parties of the Lower Chamber are bitterly opposed to the measure in its present form, holding that its provisions would enable the Government to suppress free speech and press. The Government maintains that the bill would enable the Army to carry out its projected purge of military ranks, asserting that the mutiny of Feb. 26 was indirectly caused by the circulation of seditious pamphlets.

Japanese Second Lieutenant Commits Suicide

Second-Lieut. Tadayuki Enomoto, 24, of the Fourth Infantry Regiment of the Imperial Guards Division, was found slumped over his service sword in his quarters in the regimental barracks May 17. Despondency, aggravated by a reprimand from a superior officer, were blamed for the suicide.

Minister to Be Sole Arbiter of Army Personnel Changes

Personnel changes in the Japanese Army will henceforth be decided solely by the Minister of War is a result of the revision in the regulations on the appointment of ministers of the armed services, gazetted May 18. Up to now, the changes and promotions of general officers had been decided after consultation between the Chief of the Army General Staff, the Inspector-General of Military Education and the War Minister.

Exchange of Reservists's Visits Proposed by American War Veteran

Proposal to exchange visits between exservicemen of Japan and the United States, in the interest of international goodwill, was made by Commander James E. Van Zandt of the Veterans of Foreign Wars of the United States, in an interview with *Domei*. in Tokyo May 11. The veteran arrived in Tokyo three weeks ago, at the head of a delegation of the V.F.W., to return last year's visit to the United States of Admiral Takeshita, I.N.R., who represented the Imperial Exservicemen's Association.

Japanese Government to Subsidize Saghalien Oil Development

In order to aid the petroleum resource development enterprises in North Saghalien, the Japanese Government has decided to grant subsidies amounting to Yen 4,560,000 between 1936 and 1940 to be distributed annually as follows:—1936, Yen 1,220,000; 1937, Yen 1,324,000; 1938, Yen 1,176,000; 1939, Yen 616,000; 1940, Yen 224,000,—total Yen 4,560,000.

Predict Formation of Asiatic Nations' League

Formation of a league of Asiatic nations, to guarantee peace in East Asia, was predicted in Tokyo by diplomatic observers April 21, as one of the consequences of the "League of Nations" failure to save Ethiopia." These observers voiced their belief that regional arrangements for the maintenance of peace would replace the universal peace scheme now embodied in the League of Nations.

Japan-Australia Society Appeals to Australia Not to Give Credence to Reports

An appeal to give no credence to reports that Japan has any ulterior designs upon Australia was issued this week to the people of the Commonwealth by the Japan-Australia Society. "Japan's interests in the Southern Pacific," the statement said, "lie solely in the maintenance and expansion of her commerce. It is inconceivable that we may entertain any territorial ambitions."

Japan's Trade with East Asia Has Favorable Balance

A favorable balance of Yen 28,057,000 was registered by Japan's trade with China, Manchukuo, Hongkong and the Kwantung

(*Continued on page 432*)

Sir Frederick Maze Gives Official Figures on Smuggling in North China

SIR FREDERICK MAZE, in the course of a report to the Government end of last week stated that the approximate total arrivals in Tientsin East Railway Station of smuggled goods from Manchukuo and Dairen during the period August 1, 1935-May 6, 1936 were as follows:—

Artificial Silk Yarn	4,303,440 kgs.	= 4,235.7 tons
White Sugar	559,973 qtls	=55,115.5 tons
Cigarette Paper	398,515 kgs.	= 392.2 tons
Piece Goods	26,023 pkgs, quality and quantity unknown.	
Sundries	30,329 pkgs, contents uncertain, but including 12,962 cases kerosene, and 999 drums gasolene.	

The relative duties, he stated, are computed to be in the neighborhood of $30,000,000. The varieties of goods brought in are increasing daily since stocks of the high duty-paying goods are accumulating. There have been consignments of such articles as apples, soda water, electric materials, bicycle parts and tyres, motor car tyres, alcohol, wire netting, nails, canned goods and one consignment of revolvers (18 cases).

The Chinese market, Sir Frederick concluded, is thus overstocked with illicit Artificial Silk and Sugar, etc., and the usual local demand for such commodities has been upset, with the result that a progressive decrease of revenue is indicated in many ports—during the past four months, for example, the Tientsin collection has dropped some 23%. Unless the Customs Preventive Department (which functioned efficiently in the North until it was forced to disarm its vessels, etc.) is free to resume normal operations and re-arm both Preventive vessels afloat and Preventive guards ashore; and, similarly, unless the Railway Authorities are enabled to co-operate fully with the Customs Authorities (*i.e.*, to cease transporting smuggled goods) it is idle to expect any improvement in the existing unprecedented and serious situation, which contravenes the terms of the Japanese Treaty of 1898 between China and Japan.

A telegram from Peiping May 17 stated that the flow of contraband goods into North China was continuing at a terrific rate. Contraband goods include artificial silk, piece goods, sugar, cigarette paper, kerosene; gasoline, motor tires, rubber goods, cosmetics and dried sea products. The entry of these goods, had apparently not reduced prices appreciably, most of them selling at the same prices demanded for legitimate imports. Merchants handling smuggled goods are reported to be reaping extraordinary profits.

Foreign Office quarters in London emphasized that the Chinese Customs are losing revenue amounting to £120,000 per month from smuggling activities, and emphasize that this greatly endangers European loans, which are guaranteed by there revenues.

The Customs authorities at Tientsin estimated the loss in duties on the arrivals of smuggled goods into said port for the week from May 4 to 10 at $1,800,000.

According to Hsieh Ting-mou, Superintendent of the Chinwangtao Customs, in the past nine months, the Chinwangtao Customs lost as much as $10,000,000 in revenue because of the practice of smuggling by the Japanese.

Tsinpu Railway Bans Transport of Contraband Goods

To curb the inflow of smuggled goods into the interior, the Tientsin-Pukow Railway Administration is refusing the transportation of contraband rayon, textiles, and other goods without first having paid the legitimate duties.

Japanese Shops Opened in Canton to Sell Smuggled Goods

According to reports reaching Hongkong, May 11, the Japanese have opened up several shops in Canton to push the sale of smuggled goods. An investigation is now being conducted by the Southwestern authorities who, it is understood, will file a protest with the Japanese authorities.

Firearms Smuggled Into China Together With Other Commodities

The practice of smuggling by the Japanese in North China has been extended from Peitaiho and Chinwangtao to Chiaotung and Tsingtao in Shantung Province, according to well-informed business circles in Tientsin. According to the Customs authorities, no less than 100,000 Japanese and Koreans are connected directly or indirectly with smuggling in North China. In addition to artificial silk, sugar, piece goods and sea products, the Japanese are smuggling into North China glassware, wine, canned goods, printing materials and candles.

On May 12 it was found that firearms were also being smuggled into China by these Japanese smugglers. It is generally feared, says a Tientsin message to the *Shun Pao*, that more firearms will be smuggled into the country in the future, which will cause serious trouble to the maintenance of order and safety in the country.

The Smuggling Problem in North China from the Japanese Point of View

The *Shanghai Nippo*, discussing the Japanese view-point of the practice of smuggling in North China, commented: "The cause of the domination of smugglers in North China may be deduced from the old habits of the Chinese. If there are possible and profitable means for the smuggling of commodities from other foreign countries, the Chinese will surely do likewise. For the sake of solving its financial difficulties, the National Government, ignoring the economic conditions of its people, had made the tariff on import duties extremely high. In short, the prolonged bad policy of the National Government, the need for low-priced goods among its people, and the low tariff on import duties of the East Hopei regime have been the cause and inspiration of smugglers in North China."

The *Shanghai Mainichi* May 16 printed a long article on the smuggling situation, giving figures which it said showed that the smuggling situation was worse in South China than in North China. The *Mainichi* also assailed conclusions contained in the report from the Customs Administration that the fall in Customs revenue would affect the servicing of domestic and foreign loans, or that the decrease was mainly caused by large-scale smuggling in the North.

Rumors that the situation was such that the National Government was considering the stopping of servicing of foreign loans were authoritatively denied in Nanking.

The London *Daily Telegraph* May 15 had given prominence to a report that China would declare a moratorium.

Chinese Note to Tokyo Charges Japanese Authorities Connive at Smuggling

A charge that the Japanese authorities in North China have connived at the smuggling activities of their nationals was contained in a strongly-worded Note of protest sent to Tokyo by the Chinese Foreign Office May 15. The Note, an official statement said, had been despatched as a result of the rapid deterioration of the smuggling situation in Hopei. Several protests on the same subject had already been lodged with the Japanese Government, but some of them, the statement added, have hitherto remained unanswered.

The protest was based on two grounds:—(1).—Japanese interference has virtually deprived the Customs in Hopei of their powers of prevention; and (2).—The Japanese authorities in North China have connived at smuggling activities of their nationals, who enjoy extra-territorial protection.

As the alarming increase of smuggling in Hopei is attributed to these causes, the Note demanded that "an immediate halt should be called to Japanese interference with the Custom, and that steps should be taken by the Japanese authorities to curb the activities of Japanese and Korean smugglers."

A demand that the Japanese military forces at Chinwangtao be directed "to desist from interfering with the operations of the Chinese Maritime Customs" was contained in the note of protest on North China smuggling filed by the Chinese Government with Mr. Wakasugi, Japanese charge d'affaires, through the Nanking Japanese Consulate-General.

Circular telegrams were issued May 15 by Dr. H. H. Kung, Minister of Finance, to all provincial chairmen and municipal mayors requesting them to instruct their subordinates co-operate closely with the Customs Preventive Service in curbing rampant smuggling along the sea coast.

Tokyo Rejects China's Protest

China's protest to Japan in regard to the smuggling situation in North China was rejected by the Tokyo Foreign Office, which emphasized that the rampancy of contraband also seriously affects Nipponese trade in the region. The reply turned down as "unwarranted" the Government's allegation that Japan was responsible for the existing situation in the northern provinces. The Japanese Government, the reply stated, has been working in co-operation with local Chinese authorities in suppressing smugglers' activities. The reply attributed the widespread smuggling to the high Chinese tariff on commodities of first necessity and to the "lack of zeal" on the part of Chinese Customs officials in controlling smuggling caused by the transfer of the bulk of customs revenues to Nanking, while the promise to pay their salaries was not kept.

The reply also emphasized Japan's concern over the Nanking Government's "insincere attitude" in saddling Japan with responsibility for smuggling, without paying due attention to the defects in Chinese internal administration.

Yin Ju-Keng Denies East Hopei Is Smuggling Center

Yin Ju-keng, head of the East Hopei Autonomous Government, in reply to questions by foreign newspaperman at Tungchow, stated, "Smuggling does not exist in East Hopei." The strict maintenance of coast patrols made the activities of contraband organizations "impossible," Mr. Yin said.

"The bad administration under Gen. Chiang Kai-shek should be blamed first," the head of the East Hopei regime charged, declaring that the reduction of the import tariff to one-fourth of that of the Nanking Government was "being hailed by the people at large."

"Lack of zeal" on the part of local Chinese authorities in combatting contraband was given May 14 by Hachiro Arita, Foreign Minister, in Tokyo as the reason for the smuggling situation in North China. The statement was made in the Lower House in response to an interpellation by Dr. Hiroshi Ashida, Seiyukai, who declared that Japan's dignity "appeared" to have been impaired by the rampancy of smugglers in the Gulf of Pechili, with Dairen as their base.

"Misrepresentation" Charged As Regards Demilitarized Zone Issue

Chinese charges that Japanese military authorities in North China were interfering with the functions of the Chinese Maritime Customs by disarming Customs officials and vessels were described by the spokesman of the Japanese Foreign Office in Tokyo May 19 as a "misrepresentation of fact."

"It is true that nobody, except certain kind of police, are allowed to carry arms in the demilitarized zone," the spokesman said. "That is because the zone in question is demilitarized and no armed people are permitted to enter the zone."

Japan to Respect British Interests in China, If—

Japan's willingness to respect British vested interests in China, provided London maintains its present policy of regarding Japan as the major stabilizing power in East Asia, will be conveyed to Whitehall by Mr. Yoshida, due to sail from Tokyo on May 21 to assume his new post of Ambassador at the Court of St. James', a *Domei* message from Tokyo stated. This overture will be made, Gaimusho quarters indicated, in view of the increasing friction between the two empires in China as a sequel to Japan's economic development.

A spokesman of the Foreign Office in London early this week declared that Great Britain was not satisfied with the Japanese reply of May 5 regarding smuggling in the provinces of North China. Japan, in answer, had stated that they were also suffering from the smuggling in North China, which they had in no way encouraged. Great Britain is asking for further elucidation of the situation.

The new anti-smuggling measures decided upon by the Central Government will be put into force shortly. They include the establishment of customs stations at Tsangchow and Chinghai, both south of Tientsin.

At a meeting May 15, the American Chamber of Commerce of Tientsin resolved that a special committee be organized in co-operation with American business interests of other cities to lodge a strong protest with the Chief Superintendent of the Chinese Customs at Shanghai against the practice of smuggling by the Japanese in North China.

Waichiaopu Files Protest with Japan Against Increase of Japanese Garrison

The Ministry of Foreign Affairs May 16 instructed the Chinese Embassy in Tokyo to file representations to the Gaimusho with a view to stopping the increase of the Japanese Garrison in North China.

Japan's action in strengthening her garrisons in North China was the subject of questions at a press conference at the State Department in Washington, May 16. Under-Secretary of State Phillips, said that the statement made by Secretary of State Cordell Hull on December giving notice that the United States did not look with equanimity upon the autonomy movement—then in progress—in North China, and calling on all nations to respect existing treaties, still represented the attitude of the United States.

Establishment of an independent Customs administration for North China is being demanded by the Japanese as the price of co-operation in the suppression of smuggling, a *Reuter* message from Tientsin May 18 stated.

In connection with the smuggling situation it may be mentioned that as a result of the National Government maintaining that Manchuria is still an integral portion of China Chinese goods coming from that area into China (from the port of Newchwang, for example) do not pay foreign duties, but only the relative small interport charges. Goods from China into Manchuria are, however, treated by the Manchukuo Customs authorities as foreign goods.

Finance Ministry Announces Rewards for Smuggling Informants

To encourage information on smuggling activities, the Ministry of Finance announced May 18 that for information leading to the seizure of smuggled goods, awards equal to forty per cent of the auctioned value of the detained cargoes will be allowed to the informants concerned.

North China Foreign Firms Also Start Smuggling

A Tientsin message May 14 stated that a race is now proceeding between Japanese and other foreign firms regarding smuggling activities in North China. It is stated that foreign firms in Tientsin have hired a number of White Russians to conduct the smuggling of foreign goods into North China.

What Japan Promised in the 1898 Treaty

In view of the fact that Japan broke the provisions of treaties galore entered into with European nations and America when she invaded Manchuria it is not probable that she will bother herself much about the provisions of treaties with China. However, it is of interest to note that in Japan's Treaty entered into between Japan and China July, 1898, it was provided, among other things :—

> Art. V.—"If any vessel should unlawfully enter ports other than open ports and ports of call in China, or carry on clandestine trade along the coast or rivers, the vessel with her cargo shall be subject to confiscation by the Chinese Government."
>
> Art. IX.—"The Tariffs and Tariff Rules now in force between China and the Western Powers shall be applicable to all articles upon importation into China by Japanese subjects or from Japan, or upon exportation from China by Japanese subjects or to Japan . . . ."
>
> Art. XVIII.—"The Chinese authorities at the several open ports shall adopt such means as they judge most proper to prevent the revenue suffering from fraud or smuggling."

Interviewed at Nanking May 18, a spokesman of the Foreign Office emphatically declared that there is absolutely nothing in the Sino-Japanese Truce Agreement signed at Tangku on May 31, 1933, to justify Japanese interference with the operations of the Customs Preventive Service in Eastern Hopei.

Chinese Cotton Industry Hard Hit

A large proportion of Chinese cotton mills have suspended operations and still a larger number these of mills reduced their working hours because of the effects of the world business depression, the competition by foreign mills, the smuggling in North China and the high price of cotton, according to well-informed business circles in Shanghai.

H. O. Tong Proceeds to Canton for Customs Parley

H. O. Tong, Superintendent of Customs at Shanghai, proceeded to Canton this week to discuss the smuggling problem with the authorities there.

East Hopei to Have Customs Agreement with Manchukuo

Preparations are being made by the East Hopei Autonomous Anti-Communist Government, headed by Yin Ju-keng, to open negotiations with Manchukuo for the conclusion of a customs tariff agreement, "beneficial to both countries." The hsiens administered by his government, Mr. Yin told the press, form a part of the Chinese Republic, and he felt it his mission to save the whole of the country from the hands of the Kuomintang Government, "dominated by western thought."

Cantonese Will Aid Yang Wen-tao in Defence Against Nakayama Charge

The defense of Yang Wen-tao, now facing a murder charge together with Yih Hai-sen, better known as "Hsiao Kwangtung," for the killing of Warrant Officer Hideo Nakayama on Darroch Road, Nov. 9, 1935, is being assisted by the Shanghai Cantonese Residents Association. Yang, who is president of several local Cantonese clubs including the famous Tung Yi Association and prominent in the Shanghai Cantonese community, is believed by his fellow provincials to be falsely accused by several witnesses who desired to reap the large reward. The Association has written letters to the Chinese Ratepayers' Association, the Shanghai Municipal Council and the First Special District Court asking that special care be taken in handling the case.

Italy Aims at Dislodging British Influence in Europe and the Far East

A Rome message to the Tokyo *Asahi* May 8 stated that Italian diplomacy will be aimed at the dislodgment of British influence on continental affairs and to secure a general coalition of all the European Powers. Italy will thus endeavor to improve the relations between France and Germany and Soviet Russia and Germany. For this purpose it is thought advisable to give positive aid to Germany for regaining the latter's colonial possessions, and to remove the barriers alienating France from Germany. In the Far East also, Italy is considered likely to adopt the policy of ousting British influence with a positive attitude. It appears in this connection that Italy will strive to give as much "spiritual" support to Japan's Asiatic policy as possible and at the same time to show the maximum respect to Japan's commercial interests in Ethiopia.

China Protests Increase of Japanese Garrison in North China

BY C. Y. W. MENG (孟長泳)

NORTH China is heading towards some kind of important military and political crisis in the very near future. June is the month fixed by the Japanese militarists for completion of a new Japanese military airdrome and barracks near the International Race track north of Tientsin. All the Japanese genius for construction has been employed to complete the project. June is the month when the "Pact of Friendship", including military aid in the event of aggression, should be completed between Manchukuo and the "East Hopei Anti-Communist Autonomous Government" under Yin Yu-keng. June is the month when the reported "agreement" between the Japanese and the Hopei-Chahar Political Council to present a united front against invasion by communists or "others" is also supposed to be completed. June is the month when a "new customs service" will come into existence in North China when there will a be great reduction of the rates fixed by the Chinese Maritime Customs for the imports from Japan and Dairen. June is the month when the increase of the strength of the Japanese Army in North China will be completed. June is the month when the direct wireless service between Tientsin and Tokyo will be started by the Chinese Telegraph Administration. June is the month when the new commander of the Japanese forces in North China (Lieut.-Commander Kanichiro Tashiro) will assume his office.

In Chinese eyes, the arrival of new Japanese commander always spells "bad news." As every new Japanese commander is always to distinguish himself in order to claim the many "merits" of his service in China, and to enhance his importance in the eyes of the War Office in Tokyo in order to receive the many "medals," "promotions", etc., his arrival always means another fresh development; another long list of "demands" to be presented to the Chinese local authorities, and another "crisis" in North China. The first "Lawrence of Manchuria" (General Doihara) is gone; but the second "Lawrence of Manchuria" comes with many "plots" in his pocket to prove himself to be a good successor to the first! The North China "crisis" broke last June when General Tada (now retiring) took up his post as the commander of the Japanese Forces in North China. History is to repeat itself.

Up to the time when these lines are written, the Japanese authorities in Peiping had already informed the other diplomatic missions in Peiping that the Japanese Garrison in North China is being increased. The first detachment numbering 1,700, including artillery contingent, arrived at Tientsin on May 14. The incoming troop movement will be completed by May 29 when it is reported that the Japanese will have about 8,000 troops in North China. The Peiping Garrison is expected to be increased to at least 500. It is confirmed that the ancient capital will have high officers sufficient for a full brigade including two major-generals and two lieutenant-colonels.

The Significance of the Move

But, according to despatches from Tientsin, the present strength of the Japanese Army in North China will be increased by one full "Division" or 12,000 to 16,000! But let us take note of the following points:—

First: This Division of the Japanese troops is organized in the same way as an army used to be organized in "war time." The system of organization of this additional Division is exactly the same as the Japanese Army stationed in Formosa. It has the following sections: Mechanical and Chemical; Air-Force; Special Service, etc.—complete war-time organization of an army.

Secondly: Besides the 12,000 or 16,000 men, there is another equal number of the "reserve" and the so-called "junior officers" attached to the Division. Thus, although, in name, the strength of the Japanese Army in North China is increased by 12,000 or 16,000, in fact it is increased more than 30,000!

Thirdly: This Division of troops consists of the best and well trained soldiers "picked" from the other four Divisions in Japan. So the fighting capacity of this Division is far greater than any other single division of troops.

Fourthly: Some of the military experts told the writer of this article that due to better equipment and organization, the fighting strength of 5,000 Japanese troops is equal to that of one Chinese full Division of troops (about 30,000 men). By increasing its strength up to 30,000, the strength of the Japanese Army in North China is increased to that of "six divisions" of Chinese troops. In the event of "undeclared war" between China and Japan—which happened so often in the past—China has at least to put up "six full divisions," or 180,000 men, on the battlefield to fight with 30,000 Japanese troops.

Fifthly: The places where this new "division" of Japanese troops will station, according to our report, are not within the Liaotung District or the so-called "Demilitarized Zone"; but, according to the Japanese "demands," the Japanese militarists want to station the newly despatched Japanese troops along the Peiping-Hankow, Tientsin-Pukow and Taiyuan-Shihkaichung Railways, in places such as Fengtai (once occupied by the Japanese troops before), Chensinchen, Paoting, Shihkaichung (along the Peiping-Hankow Railway), and Yangliaochin, Chinghai, Peitaochen, (along the Tientsin-Pukow Railway), etc.

The Japanese militarists, at recent conferences with the Chinese, stated very clearly to the Chinese negotiators that such is the Japanese intention. They demand this of course, on the ground of taking joint action to prevent the "invasion" of the communists. But underneath is the real motive to prevent the Chinese army under the Central Government, which is better equipped and better trained, from going up to North China; to prevent other Chinese armies in neighboring provinces from coming to the assistance of the 29th Route Army under the command of General Sung Chi-yuan, and to "isolate and paralyze" the 29th Route Army from putting up another stiff "resistance" in the same spirit as the "Battle of Hsifengchow," where Japan suffered greatest losses of lives at the hands of Chinese "Big Swords."

It we will further look at the map of China, we will at once see that the places mentioned above where the Japanese militarists want to station their troops are strategical places along the Peiping-Hankow, Tientsin-Pukow and Taiyuan-Shihkaichung Railways, which are the only quick routes which the Chinese Central Army could go up North through Honan and Shantung, and the Shansi troops could reach Peiping through Shihkaichung. For example: If Shihkaichung, at the junction of the Peiping-Hankow and Taiyuan-Shihkaichung Railways, and Paoting, an important place along the Peiping-Hankow, are occupied by the Japanese forces, the Peiping-Hankow Railway will automatically lose its importance and usefulness, and it is at once physically impossible for the Central Army in Honan to go up to Hopei, and for the Shansi troops to come to the rescue of the 29th Route Army when it is in danger.

The Protocol of 1901

The Japanese militarists often tell the world that the sending of Japanese forces to North China is permitted under the Final Protocol of 1901. This time, in an official statement, issued at the War Office, the Japanese militarists again seek the same justification by announcing that the reenforcement of the garrison is "based on the action on the rights stipulated in the Boxer Protocol." Let us study how much truth there is in this contention.

The said Protocol provides:—

> Article VII.—The Chinese Government has agreed that the quarter occupied by the legations shall be considered as one specially reserved for their use and placed under their exclusive control, in which Chinese shall not have the right to reside and which may be made defensible, etc.
>
> Article VIII.—The Chinese Government has consented to raze the forts of Taku and those which might impede free communication between Peking (now Peiping) and the sea; steps have been taken for carrying this out.
>
> Article IX.—The Chinese Government has conceded the right to the Powers in the Protocol annexed to the letter of the 16th of January, 1901, to occupy certain points, to be determined by an agreement between them, for the maintenance of open communication between the capital and the sea. The points occupied by the powers are:
>
> Huang-tsun, Lang-fang, Yang-tsun, Tientsin, Chun-liang Ch'eng, Tangku, Lu-tai, Tang-shan, Lan-chou, Chang-li, Chinwangtao, Shanhaikuan.

From these Articles, it is quite clear that the foreign troops to be stationed in Peiping and Tientsin and along the Peiping-Tientsin line are of two kinds, the "legation guard" (L.G.) and "Garrison Forces" (G.F.). The purpose is to protect the legation quarters and to keep the communication open between the old capital and the sea. Secondly, while posting of legation guards within the legation quarters is a right belonging to the individual powers, signatory to the Final Protocol, the right to station garrison forces in North China is a "joint right" belonging to the powers, signatory to the Final Protocol. It is a "joint measure" to be taken by the powers concerned simultaneously. Thirdly, the "points" where the foreign forces will station are clearly stated. That is, the legation guard will station within the legation quarters, while the garrison forces will station along the "points" along Peiping-Mukden Railway, south of Shanhaikuan, from Peiping to the sea.

In the course of negotiations, the Chinese negotiators made insistent demands that the total number of foreign troops to be stationed in and along Peiping and Tientsin should be fixed. In the meeting of the Military Commission held on April 6, it was decided that each power should maintain the forces given on

the next page for the defence of the legations:

	Men	*Guns*	*Machine-guns*
Austria-Hungary	250	2 to 4	6 to 8
France	250	2	2
Germany	300	5 to 6	6
Great Britain	250	6	4 to 6
Italy	200	2	2
Japan	400	4 to 6	some
Russia	350	2	4
U.S.A.	100	2	2 to 3

As to the strength of the garrison forces, it was also decided that they should be limited to 6,200 men; 2,000 to be stationed in Tientsin, 1,500 in Shanhaikuan and Chinwangtao, and 2,700 to be stationed in other nine places (300 each). It was also the understanding that each power should not send more than 2,000 men.

The following table gives the strength of the Legation Guard and Garrison Forces in and around Peiping and Tientsin since the signing of the Final Protocol. (L.G. stands for Legation Guard; G.F. for Garrison Forces.)

	1902	1912	1922	1924	1926	1927	1929	1931	1933	1936
U.S.A.										
L.G.	150	310	345	354	450	505	461	408	520	508
G.F.	—	1280	555	955	940	4572	828	866	728	869
Austria										
L.G.	200	86	—	—	—	—	—	—	—	—
G.F.	—	60	—	—	—	—	—	—	—	—
Belgium										
L.G.	—	21	22	—	—	—	—	—	—	—
G.F.	—	—	—	—	—	—	—	—	—	—
England										
L.G.	250	524	170	198	224	321	297	238	216	243
G.F.	1350	2177	537	834	1034	1637	1213	708	760	760
France										
L.G.	300	308	214	221	228	408	293	277	267	227
G.F.	1350	1048	1207	1323	1560	2501	1752	1644	1580	1562
Germany										
L.G.	300	126	—	—	—	—	—	—	—	—
G.F.	1350	324	—	—	—	—	—	—	—	—
Italy										
L.G.	200	125	50	30	49	122	97	95	92	91
G.F.	500	73	—	—	400	440	394	327	247	290
Japan										
L.G.	300	470	181	132	140	318	204	177	314	303
G.F.	1350	1937	979	602	800	1056	804	1092	1574	1900
Holland										
L.G.	—	40	43	—	—	—	—	—	—	—
G.F.	—	—	—	—	—	—	—	—	—	—
Russia										
L.G.	300	212	—	—	—	—	—	—	—	—
G.F.	300	751	—	—	—	—	—	—	—	—
TOTAL	8200	9872	4303	4649	5825	11880	6343	5832	6298	6753

Some Outstanding Facts

From the above table we may reach some of the following conclusions:

First: Although by agreement, the signatories to the Final Protocol could post the legation guard and despatch the garrison forces to North China up to 8,200 men, the powers put up only half or two-thirds of the strength when the conditions in China remains quiet. The increase of the strength of the forces was made only when there was civil warfare in China. But as soon as the civil warfare was over, the strength was reduced. When the Chinese revolution broke out in 1912, and when the Nationalist Movement was started in 1927, the strength of legation guard and garrison forces was increased to 9,872 and 11,880 respectively. But as soon as the warfare was over, some of the foreign troops were withdrawn. Since 1929, when the conditions in China became more settled, and when some of the foreign legations in Peipingwere in fact removed to Nanking, the tendency has been toward a great reduction in the strength of the forces (except those of Japan).

Secondly, when the Powers, signatory to the Final Protocol, took steps to increase their forces, they generally "notified" each other; and they generally took the measure simultaneously.

Thirdly, by the "increase" of the strength of the legation guard and garrison forces under the Protocol, it does not mean that the Powers could increase the strength of their army in China without any limit. On the contrary, it generally means that the increase could be made up to what it was agreed upon at the meeting of the military commission held on April 6. When any of these Powers increased its strength greater than what was permitted by the agreement, China at once lodged protests. For example: the Nationalist Government lodged strong protest with Great Britain when the latter increased the strength of its garrison in North China greater than what was provided in the agreement during the Nationalist Movement in 1927.

Japan's Violation of the Final Protocol

When all these facts are kept in mind, the world will realize and conclude that the increase of the Japanese forces in North China is a "gross violation" of the Final Protocol of 1901. It is only another instance when the Japanese interpret the out-of-date treaty which they signed with China in a quite different way to serve their own purpose and it is another instance of how the Japanese abuse the privileges which they enjoy under the "Unequal Treaty."

First: As stated above, the increase of the strength of the forces in North China took place only when there was an outbreak of civil war in China. But at present there is no outbreak of major civil war in China where Peiping and Tientsin are menaced, or when the communication between Peiping to the sea is impeded. The fighting with the communists in Shansi is not a civil war. Besides, it is already ended. So Articles VII, VIII and IX of the Final Protocol do not apply under such circumstances.

Secondly: As stated above, the increase of the garrison forces is a "joint right" and a "joint measure," where due consultations and sufficient notifications among the signatories to the Protocol are necessary. Japan could not take the action alone. But now, with exception of Japan, there is no other Power, signatory to the Protocol, taking such action. It is not only a violation of the Protocol, but also a breach of faith by Japan.

Thirdly: As stated above, the "points" where the legation guard and garrison are to be stationed are clearly stated. But now places where the Japanese militarists demand to station their troops are not stated in the Protocol, but are far in the interior of China. Do they not intend to keep communication between "North-West China"—not only Peiping—and the sea open?

"Storm Ahead"

It is not our purpose to enter into argument with the Japanese on the legal aspects of the international treaties. Japan has tramped under foot all the international treaties, so there is no exception with this Protocol. What we want to point out is that the increase of the strength of Japanese forces in North China tells us that the major Japanese military action is coming. The bombardment of the City of Mukden on the fatal night of Sept. 18, 1931, did not take place until the Japanese had well prepared for it. So by despatching more troops to China, and by further "smuggling" munitions into North China, Japan is preparing for another aggressive action in China. Nanking should not be indifferent to the situation. Look! Japan has increased the strength of its forces to that of six full divisions of Chinese troops. The intention of the Japanese militarists is to first send troops to China, and then to "dictate" terms to China, including "China's recognition of Manchukuo," etc.

Nanking, May 17, 1936.

Wife of Accused American Doctor Believes Him Innocent

Mrs. Colbert testifying for her husband, Dr. John Colbert, charged with attempting to murder her by the administration of poison in food, drink and medicine (on trial in the United States Court for China in Tientsin, May 19), said she was convinced of her husband's innocence and was backing him up for all she was worth. Mrs. Colbert testified that she was treated for her anaemic condition in 1929 after the death of her previous husband, when she was on holiday in the United States. She experienced similar symptoms in August last year, but continued to play tennis because she wanted to win the championship. She went to bed on Oct. 5—partly because of vanity, as she wanted to hide her legs, which were swollen.

In cross-examination Mrs. Colbert, recounted how Miss Grace Thomas, a teacher in the American School, visited her in hospital unobserved by the nurses, who were out at dinner. Witness said her relations with Miss Thomas were very close, as if she were a member of the family. She never objected to Dr. Colbert's friendship with Miss Thomas, who was a constant visitor. She did not object to her husband keeping company with Miss Thomas and going to cinemas with her. She admitted that she might have called to see the former Mrs. Colbert, who had died two months after the death of Mr. Hovey—her own previous husband—and then visited Dr. Colbert's office in the same building for treatment. Her relations with both the late Mrs. Colbert and with the doctor were friendly. She went out with both of them on many occasions, and drove around with Dr. Colbert frequently. Witness felt that the Colbert's flat was the one place where she could go at any time. The former Mrs. Colbert did not object to witness's friendship with Dr. Colbert "and was always lovely" to her.

Dr. Colbert, in his own behalf, testified that he had summoned Dr. Grice on Nov. 20 in order that he might use his influence to induce Mrs. Colbert to go into hospital. Acetanelide, said accused, was regularly supplied in the United States Army, and this and antipyrine were among his favorite formulas in his private practice. He had a room in his office which he used for dispensing medicines for charity patients, and he kept stocks.

Dr. Colbert produced records to show that after the departure of the United States Marines from Tientsin in 1928, he received a box of medical supplies which included several 5-lb. bottles of acetanelid and antipyrine.

United States Agrees to Buy More Silver in China

Henry Morgenthaus, the U.S. Secretary of the Treasury, announced in Washington May 18 that the United States Government has agreed to buy large amounts of silver from China to provide her with dollar exchange in order to help China stabilize her currency. He refused, however, to reveal the amount of silver to be bought, but said that payment would be made at an average world price monthly. The series of silver conferences between the Chinese financial experts and Mr. Morgenthau had been concluded, it was intimated. Simultaneously, Mr. Morganthau opened the door again to foreign approaches on the subject of international currency stabilization when he said: "I believe it is only through a full and frank exchange of views similar to that which has just taken place between the representatives of the Chinese Ministry of Finance and ourselves that it will be possible to improve the internal stability of national currency, and with this achieve greater international stability."

It was emphasized, however, that Mr. Morgenthau was not advocating an international conference at this time.

Purchased Silver to Remain in Shanghai American Banks?

A *United Press* telegram May 16 stated that financial circles there were interested in persistent rumors that, as result of the recent conversations between the Secretary of the Treasury Henry Morgenthau, Jr., and K. P. Chen, the United States Government was considering the purchase of a considerable amount of Chinese silver in a manner which would give the transaction the semblance of a loan although it might not be accurate to describe it as a loan. It was stuggested that the United States might purchase the silver under the authority of the Silver Purchase Act but permit the metal to remain in the custody of American banks in the International Settlement at Shanghai, with the understanding that it would be returned to the Chinese Government upon repayment of the amount advanced for purchase.

Spokesmen for both the U. S. Treasury and for Mr. Chen disclaimed any knowledge of the plan but some economists considered the suggestion plausible as it would avoid the appearance of draining China's silver stocks even though the metal technically were placed under control of the United States. Mr. Chen and his associates are understood to have been investigating informally the possibility of American investments in China for public services or industries but the prospects of such investments were found to be unsatisfactory for the present.

The United States Export and Import Bank is interested in short-term financing for specific trade projects, but no powerful group of bankers or other investors is believed to be ready at present to take part in any of the projects which influential Chinese have mentioned in recent private conversations.

Hoover Denounces U.S. Policy of Buying Foreign Silver

Ex-President Hoover in a speech attacking the New Deal in Philadelphia, May 14, scathingly denounced the Administration's fiscal and monetary program, including the purchase of foreign silver.

Minister Kung Says Note Issue Will Have Adequate Reserves

Dr. H. H. Kung, Minister of Finance, in a statement issued in Nanking May 17 said the Minister of Finance now announces that in the light of experience and of additional knowledge of monetary conditions obtaining in China and abroad, the Chinese Government deems it desirable to make known the following measures of monetary reform in accordance with the decree of November 3, 1935:—

"1. It will continue to be the policy of the Government at all times to maintain adequate reserves against note issue consisting of gold, foreign exchange and silver, the silver portion of the reserves to have a value equivalent to at least 25 per cent of the note circulation;

"2. For the purpose of completing the reform of the Chinese coinage system, the Government will issue silver coins of 50 cents and one dollar denomination;

"3. For the purpose of further strengthening the position of the Chinese currency, definite arrangements have been made to increase the gold and foreign exchange portion of the note issue reserve.

Dr. Kung, also announced that the restriction governing the use of silver in the manufacture of silver articles, as contained in the regulations promulgated on November 15, 1931, is being removed."

Minister Kung Clarifies China's Monetary Policy

Interviewed by the *Kuo Min* News Agency regarding the currency situation, Dr. Kung said:—

"During the past few days rumors were current in the market to the effect that the Government intended to mint new silver dollars the silver content of which is to be one-third of that of the original silver dollars, this being interpreted as devaluation of the Chinese currency. Such rumors are absurd and have been created entirely in the interest of speculators.

"The public should know that since November 3, 1935, the value of the Chinese currency has been divorced from the silver price in the world market. It is determined by its reserve in gold and foreign exchange. It is common knowledge that metallic coins are merely token coins to take the place of legal tender notes. The metal used and its weight and fineness in a coin have nothing to do with the monetary value of the coin.

"For instance, in the gold standard countries, token coins are made of silver, nickel or copper. Their monetary value is decided by the coinage law and not by the market price of their metallic content. Furthermore, the value of $1, $5 or $10 banknotes is differentiated by the denomination printed in paper and not by the form of the paaer used.

"Similarly, in the case of bank orders, their face value differs according to the figure of each order and has no relation to the paper itself. So it is with silver coins. This is obvious and requires no explanation for people of common sense. Those who give credence to the above rumours merely betray their own ignorance.

"With regard to the Chinese currency, the Government has adopted adequate measures for protecting its reserve and strengthening its position. These measures have been made known in an order issued today."

China's New Currency Measures Are Praised by London "Financial News"

The London *Financial News*, in a four-column review on financial and industrial conditions in China May 18, emphasized that the currency reform introduced last November has marked a distinct turning-point for the better in Chinese trade and industry. Subsequent figures relating to the note issue have proved, it declared, that the Chinese Government is keeping its promise to avoid inflation. As a result, confidence has been restored; rates of interest have shown an enormous decline; the cheaper money has induced various provinces to initiate large capital expenditure programmes; and the export trade has enjoyed great stimulus.

The new measures now announced by the Chinese Minister of Finance, Dr. H. H. Kung, round off the reform very adequately, the *Financial News* proceeded, and, diplomatically, they will further strengthen confidence. They seem studiously designed to avoid offence to Japan.

Foreign Banks in North China Turn Over Their Silver

Kuo Min says the foreign banks in Peiping and Tientsin have completed the exchange of their silver reserves (amounting to $4 millions) for legal tender notes (*fa pi*) through the Tientsin branches of the Central Bank of China, the Bank of China, and the Bank of Communications. The silver, it is learnt, will not, however, be shipped southwards for the time being.

Chinese Banks Have Large Reserves for Notes

According to the *Shenchow News Agency*, the Central Bank of China, the Bank of China, the Bank of Communications and the China Farmers' Bank issued $900,000,000 legal tender notes, of which the cash reserves exceed $600,000,000, or 65 per of the face value of the notes issued. Of the $600,000,000 worth of cash reserves, $250,000,000 are silver and $350,000,000 are gold bars and foreign exchanes.

Canton Dollar Drops as Result of Pai Murder Rumor

Canton silver notes hit a new low May 19 following the spread of rumors that Gen. Pai Chung-hsi, vice-director of peace preservation at Nanning, had been murdered.

Szechuen Issues $1,000,000 of Subsidiary Bank Notes

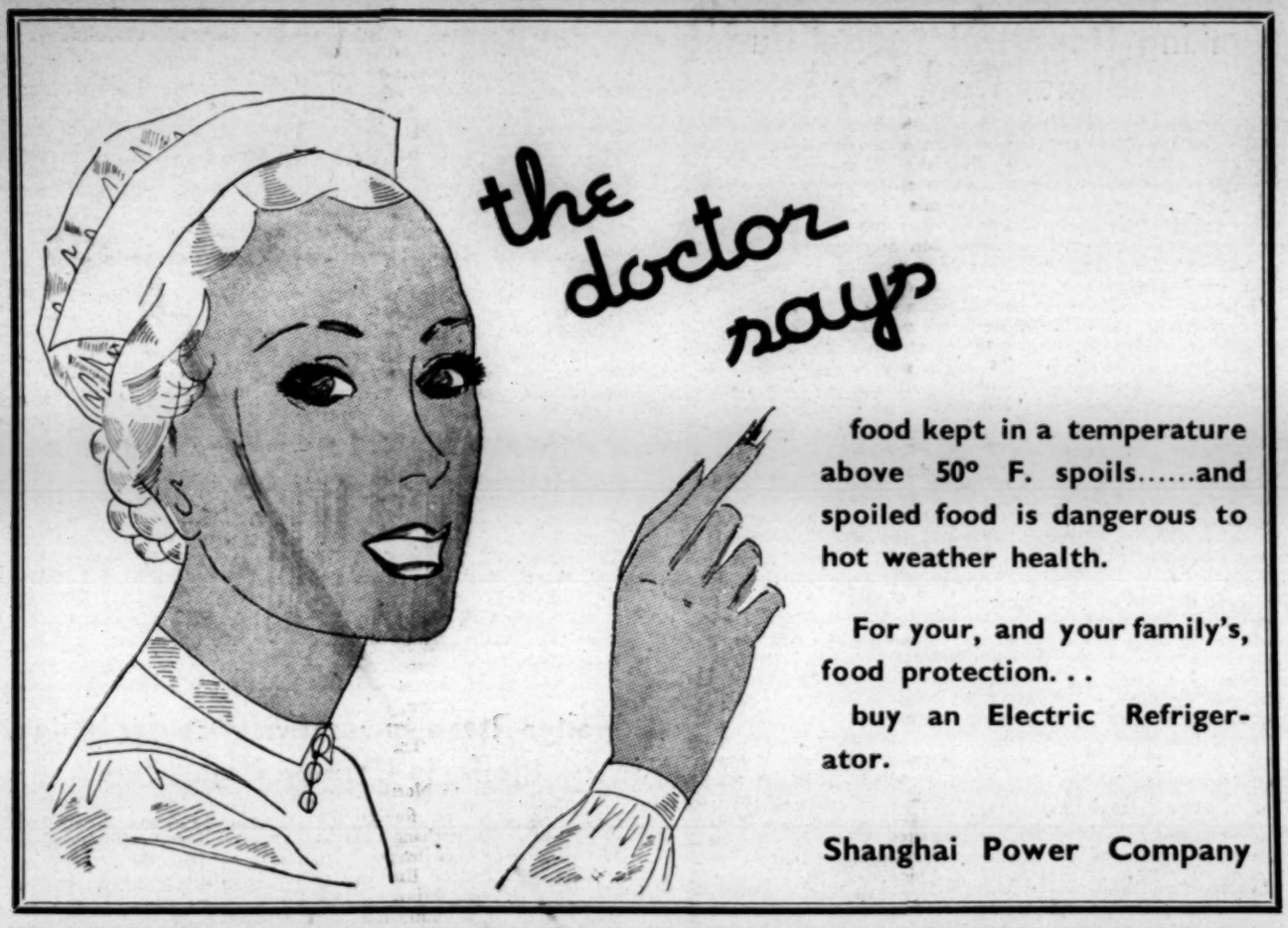
As the subsidiary notes sent to Szechuen by the Central Bank of China are insufficient for local circulation, the Szechuen Provincial Government has instructed the Szechuen Provincial Bank to issue $1,000,000 worth of subsidiary notes in denominations of ten, twenty, and fifty cents.

Kwangtung to Issue Four Kinds of Bonds

The Kwangtung Provincial Government has decided to issue four kinds of bonds in the next few months, as follows: The Air Defence Bonds amounting to $10,000,000 to be issued on July 1; Agricultural Reconstruction Bonds amounting to $7,000,000; Industrial Reconstruction Bonds amounting to $5,000,000; and Silk and Cocoon Bonds.

Chinese in Malay States Suffer from Japanese Competition

Numerous petitions have been received by the Overseas Affairs Commission in Nanking from Chinese communities in the Federated Malay States requesting the rendering by the Government of urgent assistance to Chinese business there. Unless help is forthcoming from the Government, the petitions unanimously pointed out, overseas Chinese business interests in the Malay states may drop to nil before long. It was explained in the reports that Chinese business there has been rapidly going downhill during the past few years as a result of economic and political pressure from al sides. The main dangers to Chinese interests, the petitions emphasized, have come from the Japanese who have been fast expanding their scope of business and from Arabs and native Malayans who have been paying greater attention to the development of retail trade which hitherto has been dominated by the Chinese.


the doctor says
food kept in a temperature above 50° F. spoils.....and spoiled food is dangerous to hot weather health.
For your, and your family's, food protection. . .
buy an Electric Refrigerator.
Shanghai Power Company

Chinese Tourist Party from Java Entertained in Shanghai

Composed of 66 members, the Chinese Tourist Party from Sourabaya, Java, arrived in Shanghai May 17. The party was greeted by a large group of representatives from various local public bodies. The primary purpose of their present visit, declared Pan Kai-hsin, leader of the party, a is to investigate commercial and industaial progress in China, as a majority of the members of the group are engaged in commercial enterprises.

As unofficial ambassadors of goodwill, a large mission of business leaders and economic experts is leaving for Siam on May 26 to return the visit of the Siamese Goodwill Mission to China last year. The Mission expects to be in Singapore June 2 to reach Bangkok on June 6.

Loo Angeles Tourists Are Entertained in Shanghai

The party of 25 Los Angeles Chamber of Commerce Goodwill Tourists, which arrived here from North China, on May 15, were entertained at a luncheon reception at noon May 8 at the new Sun Company, Thibet Road. The reception was jointly given by the Chinese and American Women's Clubs, the American Chamber of Commerce, the Sino-American Trade Council and the Chinese Chamber of Commerce in Shanghai. Following the speeches made by the representatives of the host organizations, E. F. MacDonough, head of the tourist party, delivered a brief address, expressing hearty thanks for the hospitality extended the party during their visit here.

Match Interests in China to Open Joint Sale Office in Shanghai

The proposal of the Chinese, Japanese and American match interests in China for the organization of a joint sales office was approved by the Executive Yuan, last week following a joint meeting of the Ministries of Finance, Industry, Railways and Foreign Affairs. A joint sales office will be established in Shanghai in the near future. It will regulate the production of matches of the various match factories and promote the sales for these factories.

Meetings of creditors of the International Match Co. have been called for June 5 and June 16, it was announced in New York, May 15, for the purpose of taking final action on agreements with the Kreuger and Swedish Match Co. The plan is to purchase the European and Philippine assets of the International Match Co. later.

British Consul at Kunming Apologizes for Assault on Chinese Boy Scouts

The Ministry of Foreign Affairs at Nanking May 17 received a formal apology in writing from H. I. Harding, the British Consul-General at Kunming (Yunnanfu), for injuring three scoutmasters of the local Ting Hsin Junior Commercial School on April 25 when they approached him for permission to enter the British Garden at Kunming. The apology was transmitted through Wang Chan-chi, Special Commissioner of Foreign Affairs for Yunnan. Upon receipt last week of official reports from the Yunnan authorities giving full details of the unfortunate incident, the Ministry of Foreign Affairs sent a protest to the British Embassy and at the same time decided to cancel the exequatur issued to the Consul-General. *Kuo Min* says it is understood that Mr. Harding will be recalled from Yunnan and transferred to another post elsewhere.

Porto Ricans Burn U.S. Flag—Governor Orders Prosecution of Offenders

Following recent demonstrations in which United States flags were torn down and Nationalist banners hoisted instead, in various parts of Porto Rico, Major-General Blanton Winship, the Governor of Porto Rico, issued instructions at San Juan, May 15 to all authorities in the island to prosecute promptly all desecrators of the United States flag. Crimes of violence and terrorism, the Governor declared, would not be tolerated, and he called on all good citizens to support the authorities in the preservation of law and order. The island was ceded to the United States in 1898 after Major-General Miles had conquered it in the Spanish-American War. There has been persistent agitation among the natives of the Island to cut loose from the United States.

General Chang Chih-kiang Speaks at Bible Rally in Shanghai

General Chang Chih-kiang was the principal speaker at the second Annual Rally in Shanghai May 16 of the East China Bible Society. Recently returned from an extended trip through the United States and Europe General Chang spoke enthusiastically of the place of Bible study in personal, family and national progress. "The great message of these scriptures," declared the speaker, "is summarized in the words 'Thou shalt love thy neighbor as thyself.' When this becomes the universal rule international discord will give way to worldwide goodwill."

Nanking Reported to Be Buying Planes from Italy

Instructions have been issued by the Chinese Ministry of War to General Liu Wen-tao, Chinese Ambassador in Rome, to open negotiations for the immediate purchase of 60 airoplanes, the local Japanese press reported May 18. The acquistion of these machines, the papers said, is designed to "Italianize" the Chinese air force and is generally regarded by local Japanese military experts to have been brought about by the excellent showing made by Il Duce's air arm in aiding the subjugation of the Ethiopian forces. The Italian staff of instructors, reduced to six as a result of the recall of various officers stationed in Nanking and in Nanchang because of the outbreak of the East African hostilities, will again be shortly brought up to 10, according to these reports. The expenses for the purchase of the aircraft and the bringing to China of the new instructors, totalling $3,500,000, will be defrayed from the proceeds of the national lottery, the papers said.

Mayor Wu Teh-chen Makes Appeal for Aviation Fund

In a stirring broadcast speech May 15, Gen. Wu Teh-chen, Mayor of Greater Shanghai, appealed to the 3,500,000 Shanghai populace to contribute to the best of their ability to an aviation fund under the auspices of the China National Aviation Association for the purchase of planes to be presented to the Government in commemoration of the fiftieth birthday anniversary of Gen. Chiang Kai-shek this year. Choosing "Aviation Movement and National Revival" as the subject of his speech, Gen. Wu recalled the leading part played by Shanghai two years ago in a nation-wide movement for aviation reconstruction, and the large sums of money contributed by people throughout the country for purchasing airplanes to augment the nation's air force. An adequate air force, declared Gen. Wu, constitutes the least expensive, the most useful and most progressive line in national defence, and that is why after the Great War nations of the world have all been concentrating their attention and energy in air force expansion.

New Eurasia Station in Nanking Is Completed

The new building for the Nanking station of the Eurasia Aviation Corporation was completed May 15.

Hunan Provincial Government Raises Money for Anti-Air Raid Operations

The Hunan Provincial Government May 15 decided to collect half a month's house rent in Changsha to finance the anti-air raid operations in the city. According to the plan, it is estimated that the authorities will realize $100,000.

China Blamed for Delay in Opening Air Service to Japan

Responsibility for the delay in the inauguration of commercial aerial communication, between Japan and China was placed upon the latter's shoulders by Premier Koki Hirota and Mr. Arita, Foreign Minister. The two officials, replying to a question at the budgetary committee of the Lower Chamber, May 12 said that the service was about to be inaugurated, when the Chinese authorities caused the breakdown of the negotiations.

National Operation of Airways Rejected by Japanese Minister of Communications

Keikichi Tanomogi, Minister of Communications, May 13, declared himself opposed to the national operation of airways in view of the failure of a similar attempt with steamships.

Japan Seeks to Open Circular Air Route

Approval of the 70th session of the Diet, to be called next December, will be sought for the opening of a circular air route, linking Nagasaki, Fukuoka, Kumamoto and Kagoshima, major cities of Kyushu.

Japan Sea Being Combed for Missing Planes

Destroyers, mine-sweepers and merchantmen this week scoured the Japan sea, south of Rashin, in search of two Japanese naval scouting planes, manned by six officers, which disappeared without a trace in the afternoon of May 14.

Japanese Flier Killed as Plane Goes into Tailspin

Lieut. Hiroshi Kurita of the First Air Regiment was killed on the night of May 15 at Kagamigahara, Japan when his machine, a 91-type fighter, went into a tailspin at an altitude of about 300 meters and crashed into the side of Kagami Mountain.

Japanese Flying Boats Make Round-Trip Flight to Dairen

Three Japanese naval flying boats took off from Chiba Prefecture, May 19 on a three-day circuit flight to Dairen and back. The craft stopped at Sasebo on their way west. The return flight was made in one hop.

Trans-Pacific "Clippers" Pass Each Other in Mid-Pacific

The *Hawaiian Clipper*, returning to the U.S.A. from its maiden flight to Manila, and the *China Clipper*, *enroute* to the Philippines, on its fifth regular trip, passed each other in mid-Pacific May 15.

New U. S. Trans-Continental Air Record Established

Howard Hughes, millionaire oil man, motion picture producer and aviation enthusiast, set another airplane speed record May 14, when he piloted his craft from Chicago to Glendale, California, in 8 hours, 10 minutes, and 10 seconds.

French Flier Plans Two-Day Flight Across Siberia to Tokyo

M. Andre Japy, French aviator, is planning a three-stage flight from Paris to Tokyo this summer, via-Siberia. It is stated that he hopes to make the trip in two days.

Britain to Provide 30,000,000 Gas Masks for Population

Under-Secretary for Home Affairs, Wallace, in the House of Commons May 14 stated that the final design of a respirator intended for the use of the civil population, of which it was anticipated not less than 30,000,000 would be required, had not yet been settled, but it would be designed to give protection against any possible concentration of any type of poison gas which might be used in time of war.

British Make Anti-Air Raid-Preparations in Hongkong

The British authorities at Hongkong are taking definite action to strengthen the anti-air-raid preparations in the Colony. According to well-informed circles, the British authorities have decided to build an airdrome at the newly developed area of the Colony. The program provides among other things the following: The building of the Hongkong and Shanghai Banking Corporation and seven other big buildings are to be used as temporary hide-outs for refugees in the event of an air attack; every Hongkong resident is required to buy a gas mask costing $1 apiece.

Walter Raven Gives Evidence for Julius Kleffel in Chinese High Court

Another hearing in the appeal of Julius Kleffel, German, former manager of the A.-O.B.C., against the fine and sentence by the First Special District Court of six months' imprisonment for breach of confidence, took place in the Second Branch Kiangsu High Court May 16. The session was marked by the testimony of Walter Raven, former assistant manager, and L. Feingold, former cashier. Both had testified in the original trial and the presence of Dr. George Sellett, present liquidator of the defunct Raven organs, is being sought by the appellants.

The Judge having asked Mr. Raven whose idea it was to transfer the Henry Young transaction from the safe-keeping account to the call-deposit account, Mr. Raven replied that it appeared to him as if it was Tsu, the chief of the safe-keeping department's idea to made such a transfer. Witness said the first time he ever knew there was a call-deposit receipt for Young's $20,000 was when he was in Mr. Bryan's office when the examination began.

The Judge then questioned Mr. Raven what benefit would Tsu get if it was his idea to make the illegal transfer of Henry Young's $20,000. Mr. Raven replied that, shortly before the A.-O.B.C., closed its doors, Kleffel pressed the compradore, Wong Yih-zai, to withdraw the bank's deposits from various native banks and Tsu owed the compradore money.

Mr. Raven further told the Judge that, when Henry Young brought his $20,000 to the bank for safe-keeping, both he and Tsu signed the recepit, but Kleffel did not ask him to sign. Asked whether he saw the money when he signed the receipt, witness replied in the negative, adding that it was not the custom for the assistant manager to count and examine the cash brought to his bank as it was the compradore's duty to do it.

Witness admitted, in reply to the Judge, that he owed to the A.-O.B.C. about Gold $6,000 and Mex. $30,000 and that he lost his money in speculation. Before concluding, witness said that the compradore once intimated to him that the matter relating to the Young transaction had been taken care of and there was no need to worry about it.

The hearing will continue May 23.

Drinking of "Opium Water" to Be Dealt with as Criminal Offence

A ruling regarding has been made by General Chiang Kai-shek, as to the effect that a general inspection and registration of addicts who drink opium water shall be conducted. During the period of general inspection, the addict should be required to take out Paupers' Certificates; after the expiration of this period, the drinking of opium water is to be dealt with, like opium smoking, as a criminal offence.

Bound for Loyang and Lingpao from Tientsin, 100 packages of Red Pills, stated to be worth approxemately $10,000 and weighing some 210 kilograms were seized on the train at Chengchow May 17.

German Politics Closely Watched by China and Japan

Commenting on the conclusion of the German-Manchukuo Commercial Treaty, the *Everlasting Life Weekly*, said :—"Although repeated assurances have been given by the German authorities that the treaty is of no political significance, the object of the two aggressors in signing the present treaty is to relieve their own difficulties. As far as we can make out, there was recently a great inflow of military necessities to Japan from Germany which is now witnessing a surplus production of raw materials. In order to pay for these military supplies, the Japanese have decided to ship one-million-yen worth of Manchukuo goods to Germany within two months."

The Tokyo *Nichi-Nichi* May 3 commented :—"Germany's policy of breaking the *status quo* arouses attention as constituting an important key to the future trend of the European political situation following the conclusion of the Italo-Ethiopian dispute. Japan is paying careful attention to the effects which Germany's action may have on East Asia through Soviet Russia. It is a most influential observation and considerably within the range of realization that following the initiative made by Italy, Germany will ride on the tide of breaking the *status quo* and annex Austria. It is also regarded as likely that Germany with her surplus power will be encouraged to make her advance on the Soviet Ukraine. Soviet Russia is afraid that Germany, one of her neighbors, will become strengthened, and is taking measures to check Germany's growing strength, as manifested in the recent conclusion of a mutual assistance pact with France.

"Soviet concern in the European area reflects itself in her action in East Asia. The recent compromising attitude shown by the U.S.S.R. in regard to the pending border commission establishment cannot be denied as having been much influenced by the German declaration of a strong policy. It appears to be the State policy of Soviet Russia to have her army divided and have them maintained both in the Far East and European Russia and not shift any of them to the other in any reckless manner. However, Soviet enforcement of a strong Far Eastern policy and the positive action of the Soviet army on the Far Eastern border are strongly influenced by the trend of Germany menacing the border of European Russia. The Japanese Government authorities under such circumstances are carefully watching what action Germany will show in enforcing her traditional policy of breaking the *statue quo*."

U.S. Treasury to Borrow a Billion Dollars—All-Time High Debt

The U.S. Government's program of June financing is expected to include the borrowing of at least $1,000,000,000. Telegrams from Washington stated that the flotation may be assisted materially by the uncertainties of the European financial and political situations. These factors have previously caused quick and heavy over-subscriptions of United States offerings, and the opinion is held that conditions are still such as to stimulate interest in Federal long and short-term securities.

The Treasury Department May 16 reported that, on May 12, the United States public debt reached an all-time high record of $31,519,169,639. Forecasts are made of a $35,000,000,000 public debt during the current fiscal year, despite revival of the nation's prosperity. No prospect is seen of a balanced budget in the near future.

The Treasury May 16 began the drafting of formal notices to debtor nations owing the United States $1,157,288,030 in war debts, due to June 15. There is little hope of anything being paid excepting Finland's $164,315.

Increased Consumption of American Cotton Is Noted During April

Active cotton spindles in operation in the United States during the month of April totalled 23,123,536, the Department of Commerce announced May 14, as compared with 23,854,052 for April 1935.

Consumption of cotton during the month of April amounted to 576,762 bales, as against 468,402 for the same month last year. Exports of cotton from the United States in April grossed 352,710 bales, compared with 323,155 bales for the same month a year ago, the Department reported.

U.S. and Japan Agree on Restriction of Imports of Textiles

A tentative agreement between the United States and Japan was reached in Washington May 15 to restrict this year's imports of Japanese textiles at around the total imports during last year, which were the largest in recent years. It is reliably learned that the tentative agreement will provide for restriction of imports of bleached goods at around 34,000,000 square yards.

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"Where Children of Ten-Years Are Taught the Heroin Habit"

BY THE REVIEW'S HARBIN CORRESPONDENT

Much has appeared in the newspapers and magazines about the deplorable narcotics trade which has developed in the Manchurian provinces since the Japanese occuation and creation of the puppet state of "Manchukuo" in 1931, but nothing bearing on the dope trade has been more illuminating than the following which appeared in the *Harbin Times* on April 26. The *Harbin Times*, it should be explained, is locally regarded as the "mouthpiece" of the Japanese Kwantung army in North Manchuria. The article explains, better than any long discussion by the writer why most of the population of this region, White Russian as well as Chinese have become anti-Japanese. In fact no self-respecting person can be "pro-Japanese" any longer in view of the recent activities of the Imperial Japanese army. The law of violence and utter disregard of human rights describes the situation correctly. The article from the *Harbin Times* follows:

"The Bureau for Administration of White Russian Affairs has decided to initiate a campaign against narcotics.

"Heroin is the most widespread drug in Harbin. There are more than 2,000 heroin addicts (only amongst registered White Russians, of whom there are about 36,000 in Harbin). The youth, mostly from 18 to 28 years of age, constitutes a greater part of the addicts. Sometimes, even children of 10 years old smoke heroin. About 20 per cent of addicts are girls.

"The chain of heroin dens (run exclusively by Japanese and rarely by Koreans) extends all over the city, not only in the central part of the town, but also in the suburbs. On the average, an addict spends about $3, daily, for smoking heroin.

"What measures should be taken for combating the evil?

"This question was thoroughly thrashed out by Y. Vitviski, member of the Association of Young White Russians, in a report submitted to the Bureau for Administration of White Russian Affairs in Harbin. Y. Vitviski proposed:—

"(1) Having enlisted the cooperation of the 'Police of Morals' to be organized soon by the Association of Young White Russians, the Bureau should discover who are the addicts and to prevail upon the authorities to arrest and isolate them all.

(2) To prevail upon the authorities to orgahize concentration camps for addicts, where they could stay and work under wholesome conditions.

(3) To persuade the police and the Sanitary Department of the Municipality to issue special rules for addicts and their friends likely to be addicted soon.

(4) With a view to keeping the youth away from 'trying' the drugs, special 'black-boards' should be erected on all thoroughfares in Harbin, with the names and addresses of all addicts exhibited thereon. Similar notices should be inserted in all newspapers of Harbin.

"Aside from it, Y. Vitviski proposed public and radio lectures, exposing the evils of narcotics, as well as the widest possible publicity in the press. In order to succeed in this campaign, the Bureau should enlist the support not only of the Association of Young White Russians but also that of other cultural and patriotic organizations pursuing the aims of culture and enlightenment. All these measures should be directed, Y. Vitviski, stated, by a committee composed of representatives of the Bureau, clergy, pedagogues, the administration of St. Vladimir University, parents of addicts, the police and the press. The commission should also have the representatives of the Japanese and Manchukuo authorities.

"Having itself acquainted with Vitviski's proposals, the presidium of the Bureau found it imperative to initiate a systematic fight against narcotics and with that end in view decided to refer the whole question to the 'Temperance Society' to be organized in the near future."

The reader should bear in mind that this report is taken not from a so-called "anti-Japanese" paper; it was carried by the *Harbin Times*, the official Japanese newspaper in Russian, in its issue for April 26.

Suppression of Drug Traffic Would Be the Logical Course

It will be noted that, in the quoted report, not a word was said about the simplest measure that suggests itself in this case, the suppression of the drug-traffic by a police measure, simply by closing down all these heroin, opium, and other dens, now flourishing all over Manchuria and run exclusively by Japanese and Korean nationals. Why did not Y. Vitviski suggest this simplest way of eradicating the shameful trade, which when pursued honestly would uproot the evil within but a week? Because Y. Vitviski, the Bureau for Administration of White Russian Affairs, nay, every man in the street, knows perfectly that it is *a standing policy of the Japanese authorities in Manchuria to narcotize the population with a view to keeping it in continuous torpor and submission.* When a man is a drug addict, with continuous and irresistible craving for satisfying his venomous habit, it is easy to rule over him, besides deriving a good income for building warships and airplanes. The reader will note that, whilst the drug traffic in Manchuria is legal and is encouraged by all means, it is illicit in Japan, where the authorities mete out the severest possible punishment on drug-traffickers.

Some four years ago, when Japan set about creating the puppet "Empire," it was predicted by the so-called experts in Far Eastern affairs that Manchuria would thenceforward have more efficient and straightforward administration than during the Chinese regime. Have these predictions been borne out by facts? The period of four years is long enough to pass judgment on the question, and it is the conviction of this writer that the present administration has proved to be *more corrupt and mean* than its predecessor. Take, for instance, fortunes being now made out of various rackets, as officially protected private monopolies in Harbin and other centers of Manchuria, not to speak of the infamous drug traffic and its ramifications. Was it possible during the Chinese administration, notwithstanding its corruption? Who can say that there are not other cases of corruption, bribery and so on, unseen by the public?

Until these conditions change, for an honest man there can be no other attitude but to be highly critical of Japanese activities in Manchuria and China. When the Japanese Government and people do change completely their hearts and methods of violence and cease polluting the human soul and body, then everyone, including this writer, will become "pro-Japanese."

Harbin, May 12, 1936.

High Commissioner Says Filipinos Are Sincere in Wanting Independence

Frank Murphy, U.S. High Commissioner to the Philippines, stopped over for several hours in Shanghai May 19, *en route* to the United States on the s.s. *President Coolidge*. He stated in an interview that he been called home to confer with Washington authorities on a number of Philippine matters that require early decisions. He admitted that one of those problems was that of the Japanese holding land leases around Davao, Philippines city on the island of Mindanao, where they have established a firm agricultural and commercial foothold. Disagreeing with Roy W. Howard, *United Press* correspondent, who forecast failure for the independence movement, Mr. Murphy said, "I believe that the Filipino people want independence. There is no evidence of change in the conduct of their own affairs. I believe their problems are more serious than ever before—problems of trade and economics—but there is a growing realism about them. This is not to be regretted; it is highly desireable."

Chinese trade in the Islands is on "extremely friendly terms and there is not the slightest friction" between Filipinos and overseas Chinese at present, according to Commissioner Murphy Settlement of the trouble between Filipinos and Japanese in regard to the Davao land leases "is entirely in the hands of the Commonwealth Government," he explained, declaring that "a satisfactory solution to all concerned will be worked out, and there is no reason to anticipate the embarrassment that some expect."

Arita Confident Davao Dispute Will be Settled

Mr. Arita, Japanese Foreign Minister, May 18 reiterated his confidence in the amicable solution of the dispute over leases held by Japanese settlers in Davao. Replying to an interpellation in the Lower House Mr. Arita said the Japanese Government would negotiate with the Filipino authorities for the settlement of the controversy, pointing out the contributions made to the development of the Island of Mindanao, on which Davao is located, by the Japanese emigrants. The Foreign Minister declared he had confidence in Mr. Quezon, president of the Philippine Commonwealth, but declined to disclose his reason for this avowed faith in him. Mr. Arita said he did not believe it would be necessary to approach the Washington Government over the issue.

Confidence that American officials were not "instigating" the Philippine Commonwealth Government in seeking the eviction of Japanese land lease-holders in Davao was expressed by Mr. Arita, Japanese Foreign Minister, in Tokyo May 14, in reply to a question during a budgetary subcommittee meeting of the Lower House.

"Soviets Do Not Expect War With Japan"---Col. Hata

Belief that Soviet Russia does not expect war with Japan was expressed by Col. Hikosaburo Hata, the newly appointed Director of the War Ministry's Bureau of Information, on his return to Tokyo May 13 from Moscow, where he has been military attache to the Japanese Embassy.

Soviet Armaments Overshadow Diet Session

Soviet armaments in East Siberia overshadowed the May 19 session of the Japanese Lower House, as Kotaro Bando, Minseito, proposed the strengthening of defenses in Hokkaido, in Japan's north. Mr. Bando emphasized that Soviet Russia reportedly had a force of 30 submarines in Vladivostok and 80 heavy bombers, with a cruising radius of 2,500 miles, in eastern Siberia.

The Lower House also passed the Government's bill for the control of important industries. The debate on the bill was featured by the demand of Tetsu Katayama, of the Social Masses party that the bill include provisions safeguarding the interests of workers and checking profiteering on the part of industrialists. His amendment was, however, defeated.

Soviets Say They Are Unperturbed by Terauchi Attack on Siberia Armament

The Soviet Government is apparently unperturbed by Genera-Terauchi's denunciation of Russia's military preparations. *Krasnaya Svezda*, the Red Army organ, May 15 quoted with approval the argument of the *London Times* that, if Japan starts an armament race with Russia, all the advantage will be with Russia. The journal ridiculed General Terauchi's suggestion that the Soviet air force in Siberia is planning an attack against Japanese cities. The only reply the Soviet need make to the Japanese insinuations, the journal added, is to propose, once again, the conclusion of a non-aggression pact between Russia and Japan.

Manchukuo Protests Alleged Border Violation

Adding to the long list of similar steps, the Manchukuo Foreign Office May 15 to filed a protest over the alleged incursion of 20 mounted G.P.U. border guards into Manchukuo territory May 13. The raid, according to official reports, took place between Changlingtze and Wuchiatze, both of which, it is claimed here, are within Manchukuo. After having been repulsed by a Manchukuo frontier patrol, the invading force, according to a Kwantung Army communique, retreated into Soviet territory, where it received reinforcements an hour later.

One Soviet border guard was killed and "several" others were wounded in the affray, the headquarters of the Korean Garrison announced at Seoul May 19. The incident, the communique said, had its inception in the afternoon of May 13, when Soviet soldiers, "apparently falsely informed by their spy that Manchukuo troops were throwing up defense works near Wuchiatzu," crossed the border. They were met by the Manchukuo patrol, and after a brief clash, returned to their side of the border, carrying with them the killed man. An hour later, at about 4 o'clock in the afternoon, the Soviet force was augmented by 16 other mounted men, who advanced to a position about 500 meters from the Manchukuo patrol. The headquarters of the border defense force in the district, then dispatched Lieutenant Yoshikawa with reinforcements, in motor trucks.

The Soviet guards began to withdraw May 15.

Soviets Impose Death Sentence for Espionage on Behalf of "Foreign Power"

Three Soviet railway officials were sentenced to death May 15 for counter-revolutionary activities and espionage by a military tribunal at Novosibirsk, in Southern Siberia. They were found guilty of working in the pay of "a certain foreign power" to disrupt the Tomsk railway. Ten others were sentenced to 10 years' imprisonment on similar charges.

Japan Once More Expects to Offer Good Offices

Belief that Japan would offer her good offices in the settlement of the Manchukuo-Soviet border disputes, as she had in March of last year assisted in the Soviet-Manchukuo negotiations on the transfer of the Chinese Eastern (North Manchuria) Railway, was expressed in Hsinking, May 17 by Shoiichi Mamiyoshi, Director of the Foreign Ministry's General Affairs Bureau.

Project of Constitution to Be Submitted at Next Session of C.E.C. in U.S.S.R.

The ordinary session of the Plenum Constitutional Commission under the chairmanship of Stalin was held on May 15. The commission thoroughly studied the project of Constitution in the U.S.S.R., submitted by the editing subcommission which established its final text and decided to submit it for consideration at the next session of the Central Executive Committee of the U.S.S.R.

Gold Is Found Near Khabarovsk

Gold-bearing sands showing a high percentage of gold were discovered last week six kilometers from Habarovsk.

* * *

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Japan's Investments in Manchuria Total Yen 788,444,000

The *Tokyo Asahi* of May 5 stated that in accordance with the present Cabinet's policy of strengthening the continental policy, measures for inducing investments in Manchuria have again become an issue. Summarizing the returns of the Manchukuo Government, Kwantung Bureau, South Manchuria Railway Company and other institutions on the spot which have conducted inquiries concerning Japan's investments in Manchuria during the years following the Manchurian Incident, 1932, 1933, 1934 and 1935, (1931 and prior to it considered insignificant), the total amount of capital invested is known to be Yen 788,000,000.

The details are as follows:

1932		
Amount of S.M.R. stock payments	Yen	25,000,000
Pure increase in S.M.R. debentures		69,475,000
Amount of capital paid in by S.M.R. affiliations		250,000
Total		94,725,000
1933		
Public loans for the construction of Manchukuo	Yen	30,000,000
Investments in stocks		110,517,000
Investments in debentures		133,782,000
Transfer of stocks and debentures of companies in Manchukuo		5,322,000
Branch banks and companies		5,506,000
Joint stock and partnership companies		636,000
Redemption and sale of Japanese state bonds		191,000
Transfer and redemption of Japanese local loans, debentures and stocks		4,870,000
Total		290,824,000
Purchase of Japanese state bonds	Yen	2,000
Subscription to and purchase of Japanese local debentures and stocks		5,737,000
Redemption and purchase of Japanese company debentures and stocks in Manchuria		164,624,000
Collection of old investments in Manchuria		170,363,000
Balance, the amount of net increase		120,461,000
1934		
Investments in public bonds	Yen	10,000,000
Investments in stocks		53,367,000
Investments in debentures		188,718,000
Transfer of stocks and debentures of companies in Manchuria		5,139,000
Branch banks and companies		44,076,000
Joint stock and partnership companies		383,000
Redemption and transfer of Japanese state bonds		127,000
Transfer and redemption of Japanese local bonds, debentures and stocks		6,461,000
Total		308,272,000
1935		
Subscription to and purchase of Japanese state bonds	Yen	14,000
Subscription to and purchase of Japanese local bonds, debentures and stocks		6.182,000
Redemption and purchase of debentures and stocks of Japanese companies in Manchuria		3,178,000
Collection of old investments in Manchuria		9,374,000
Balance, the amount of net increase		298,898,000
Net amount of stock payments		49,990,000
Net amount of subscription to debentures		155,880,000
State bonds for transfer of North Manchuria Railway		60,000,000
Amount of loans accommodated on immovable securities		8,490,000
Total		274,360,000
Grand total		788,444,000

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S.M.R. to Assist Peiping-Mukden Railway

Arrangements were practically completed in Tientsin May 9 whereby the South Manchuria Railway will grant financial and technical assistance to the Peiping-Mukden Railway for the construction of the projected Tsangchow-Shihchiachwang railway. These arrangements, it is stated, were made at negotiations between Ishimoto Ota, of the South Manchuria Railway, and Chen Chueh-sheng, managing director of the Peiping-Mukden line. The projected railway, which will link the Tientsin-Pukow line at Tsangchow with the Peiping-Hankow and Chengtingfu-Taiyuan lines at Shihchiachwang, will be about 200 miles long, traversing rich agricultural land in southern Hopei and tapping the mineral resources of Shansi.

More than 100 Japanese experts arrived in Tientsin early this month to join the Tientsin office of the South Manchuria Railway Company, in accordance with the plan of expansion of the Company. These special experts will assist the Committee of Communication of the Hopei and Chahar Political Affairs Council for the building of the Tsangshih Railway.

The Company, it is learned, is making preparations for the organization of a long distance bus company which will operate services between Tientsin, Peiping, Paoting and Tungchow.

S.M.R. Subsidiary to Produce Salt, Iron and Cotton in North China

Plans for the production of salt, iron and raw cotton in North China are being studied by the officials of the Hsinchung Kungssu, a Yen 10,000,000 subsidiary of the South Manchuria Railway Company. Concrete proposals for the firm's activities in the northern provinces were discussed earlier this month at a conference in Tokyo of the managers of the Company's branches in Tientsin, Tsinan, Shanghai, Canton and Osaka. The firm, according to *Domei*, is planning to establish a separate concern to manufacture salt in North China. The projected concern, in which the Nippon Salt Manufacturing Company and the Showa Fertilizer Manufacturing Company would actively participate, would produce annually 500,000 tons of salt from salt fields in east Hopei.

S.M.R. Promotes Merger of Steel Companies

The Tokyo *Asahi Shimbun* May 7 printed a dispatch from Dairen to the effect that the South Manchuria Railway Company has decided to readjust the assets of the Showa Steel Company and improve its business conditions in order to accelerate the projected merger between it and the Japan Iron Manufacturing Company pending for some time and at the same time to ask the Government for its good offices in bringing about the merger.

Manchurian Incident Rewards Total Yen 64,000,000

Monetary rewards for services rendered during the Manchurian and Shanghai Incidents will total Yen 64,496,085, the Tokyo Cabinet officially announced May 5. Of the total, Yen 57,232,552.25 will be paid in bonds, while the remainder will represent cash rewards. The War Ministry will get the biggest share of the amount, receiving Yen 49,462,840. The Navy Office will distribute Yen 10,917,145; the Foreign Office Yen 525,000; the Korean Government-General, Yen 520,000; the Kwantung Bureau Yen 845,000. Other departments will receive the remainder of awards.

Anti-Japanese Volunteers Active in Antung

According to official reports of the Manchukuo authorities at Antung, large numbers of anti-Japanese volunteers who recently surrendered themselves are really members of the dare-to-die corps of the volunteers. It is reported (in a telegram from Changchun to the *Shun Pao* May 15) that the Manchurian authorities have learned that four of these persons are planning to assassinate certain high Japanese and Manchukuo officials. These volunteers are also keeping in close contact with the volunteers, aiming at the launching of a surprise attack against Antung city. These four volunteers have been arrested by the Manchurian auhorities and are now being detained in the prison of Linkiang-hsien.

Anti-Japanese Volunteers Continue Active in Manchuria

Seven Japanese military officers were killed and ten wounded following a series of bitter fights with the anti-Japanese volunteers in North Manchuria, according to reports received at Changchun May 18 by the Japanese Kwantung Army. According to the same report, there are 16,400 anti-Japanese volunteers in North Manchuria at the present time.

Bandits Kill Three Japanese in Raid on Antung Line

Assistant station master Minoru Toda, two Japanese and two Manchukuo railway employes were killed and one other Japanese was seriously wounded early in the morning of April 18 when 40 bandits attacked Nanfen Station, on the Antung-Mukden Railway. The marauders invaded the office, assaulted the Japanese and Manchukuo railwaymen there, seized 10 rifles and 100 rounds of ammunition and left in a southerly direction. A Japanese garrison unit later rushed to the scene from Lienshankwan, and 55 Japanese policemen were dispatched from Penhsihu. The Japanese forces later overtook the bandits near Nanfen Station and severe fighting resulted.

Manchukuo Selects Trade Commissioner for Germany

Hiyoshi Kato, director of Foreign Trade of the Department of Foreign Affairs, has been selected to be the first Manchukuo commissioner in Berlin under the terms of the recently-concluded Manchukuo-German Trade Agreement. Dr. Karl Knoll, a member of the Reich Economic Mission to the Far East, which concluded the pact, will remain in Hsinking as the German trade commissioner.

Nippon Wool Society to Encourage Wool Production in Manchuria

The expenditure of Yen 560,000, most of which will be used to encourage sheep breeding in Manchukuo, to meet Japan's ever growing demand for wool, has been decided by the Nippon Wool Industry Society. Concrete plans for the utilization of the funds are being discussed by Sakio Tsurumi, managing director of the Society, with the officials of the Government and the South Manchuria Railway Company. The Society was established in 1934, with a capital of Yen 2,000,000, a half of which was subscribed by the Government, Yen 300,000 by the S.M.R., and the remainder by wool industrialists.

Manchuria to Have Yen 8,000,000 Soda Firm

Establishment of a Yen 8,000,000 soda manufacturing concern was agreed upon by a group of promoters in Hsinking, May 11. The Firm's capital will be subscribed by the South Manchuria Railway Company, the Manchuria Chemical Industry Company, the Asahi Glass Manufacturing Company and the Shoko Glass Manufacturing Company.

Japanese Cigarettes Gain Over American and British Products

Seventy per cent of cigarettes smoked in Manchukuo and the Kwantung Leased Territory in 1933 and 1934 were produced by companies controlled by American and British interests, the Tokyo Finance Ministry revealed May 12. Japanese cigarettes, however, are steadily gaining in favor in China and Manchuria, the value of exports multiplying nearly five-fold in value and three-fold in quantity in the years between 1931 and 1935.

The chief rival of the British and American firms operating in Manchukuo and the Kwantung Leased Territory it was stated is the Japanese-financed Toa Tobacco Company, Ltd., with the respective sales for 1933-34 being: (Quantity in thousands), Toa Tobacco Company 2,830,764,000—Yen 9,233,000; British and American firms 6,719,117,000—Yen 21,037,000. Total, 9,549,881,000, Yen 30,270,000.

The Monopoly Bureau of the Tokyo Finance Ministry recently presented to the budget committee of the Lower House data showing the advance made by Japanese tobacco in China and Manchuria. The advance of Toa tobacco, it was stated, had forced the American and British trusts to retreat markedly.

Britain Still Recognizes Outer Mongolia as Under China's Suzerainty

The British Government continues to regard Outer Mongolia as under Chinese suzerainty, declared Prime Minister Stanley Baldwin, in the House of Commons May 11.

Arrests of British Employees in Manchuria Are Protested

The reported arrest by Manchukuo police and Japanese gendarmerie of Chinese subjects employed by British firms and missionary societies in South Manchuria was the subject of questions in the House of Commons May 13. In October and November last, declared the Prime Minister, Stanley Baldwin, in reply, a number of Chinese connected with British interests in South Manchuria were arrested on suspicion of having alleged Communist tendencies. No British subjects were arrested, but in view of the fact that in effecting the arrests British extraterritorial rights were infringed and general inconvenience was caused to British charitable and commercial institutions in South Manchuria, representations were made to the Japanese Government and the Manchurian authorities. Afterwards, Mr. Baldwin declared, all but five prisoners were released. Between April 14 and 17, however, further arrests were made on similar grounds, six of whom were connected with British firms or institutions.

The British Ambassador in Tokyo, Sir Robert Clive, the House was informed, had been instructed to make further representation to the Japanese Government.

China Vegetable Oil Refinery, Ltd. to Standardize Wood Oil

In spite of prevailing rumors that the China Vegetable Oil Refinery, Limited, will constitute a monopoly over the wood oil trade of this country, it was stated in the *China Press* as coming from an authoritative source that the capitalization of the new combine is to be participated in freely by private interests, especially those who are already engaged in the wood oil trade at present. According to the regulations governing the organization of this firm, as approved by the Executive Yuan on May 12, 1936, the Ministry of Industry guarantees an interest of 6 per cent per annum on all private shares, while under normal conditions the interest payments on government and private shares will be 6 per cent and 3 per cent respectively. The higher rate of interest on private shares is designed, it is learned, to encourage participation by mercantile interests in the undertaking. In the interest of standardization of the quality of wood oil and other reforms, the Ministry of Industry will permit no other refineries of a similar nature. "However, the new firm entails no monopoly upon the wood oil trade," affirmed the informant. "Instead, all merchants will continuel to enjoy perfect freedom in doing their business."

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HIROTA TELLS PEERS THAT DESPITE "FRIENDLY NEIGHBOR" POLICY, PROGRESS IS POOR

(*Continued from page 419*)

Leased Territory during April, with exports totalling Yen 60,535,000 and imports reaching Yen 32,478,000, the Tokyo Finance Ministry announced May 14.

Japan Textiles Lead in Siam Market

Japanese cotton textiles, rayon and miscellaneous goods dominate the Siamese market, Yunosuke Yasukawa, head of the Japanese economic mission to Siam, declared on his return to Japan May 13.

Japan Adheres to League Convention on Obscene Pictures

Japan's adherence to the League of Nations' convention for the suppression of the circulation of obscene pictures and literature was announced May 16 in the Tokyo Official Gazette. The convention was ratified following its recent approval by the Privy Council at a full session in the presence of the Emperor.

Japanese Merchants to Expand Trade in Shanghai

The Osaka City Government and the Osaka business leaders have decided to organize a Joint Trade Office of the Osaka Government and Merchants in Shanghai. With a capital of Yen 40,000, this office will assist the Osaka business interests to push the sales of their goods in China and to make contacts with the Chinese merchants.

Resignation Is Accepted of Peer Who Spoke Slightingly of Army Officers

Emperor Hirohito May 15 accepted the resignation from membership in the House of Peers tendered by Jusha Tsumura, who earlier in the day was the subject of the first vote of censure adopted by the Upper Chamber. In the course of a question the previous day Mr. Tsumura had declared that "in the light of the findings of the Aizawa courtmartial, it appears as if non-commissioned officers and privates were more loyal than officers." Army circles regarded this as an insult to the officers of both armed services. Mr. Tsumura's statement, a spokesman for the War Office said, showed "a lack of national conscience and a failure to appreciate what are the tasks of a member of the House of Peers."

Japan to Expand Southwards Also

Three members of the Cabinet May 8 informed the Diet of the Government's intention to seek peaceful economic expansion southwards. Such expansion, Mr. Arita, Foreign Minister, told the Lower Chamber, would prove of benefit to peoples both of Japan and of the South Seas regions. Up to now, Mr. Nagata, Minister of Overseas Affairs, added, Japan has been pursuing a "northern" policy. The Government and the people, he added, feel that time has come to turn southward. This feeling, he said, was responsible for the introduction of a law providing for the control of shipping routes, and also for the establishment of the Formosan Colonization Company.

Japanese Protest Against Australian Restrictions on Imports

Aligning itself with the textile and rayon interests, the Japan Chamber of Commerce and Industry May 14 cabled to Australia its opposition to the projected Australian restrictions on Japanese imports.

Asiatic Students in Japan Entertained

Thirty students from various Eastern countries, including Siam, Afghanistan and India, were the guests to the Society for Cultural Relations at a garden party at Kiyosumi Park on the banks of the Sumida River, May 14.

Admiral Osumi Returns from Tour of South Sea Isles

Appreciation of the "sincere efforts" of young Japanese to develop the South Seas—islands, administered by Japan under a mandate, was expressed in Yokohama May 13 by Admiral Osumi former Navy Minister, on his return from a four-week inspection tour of the islands. During his trip the officer visited the Palao, Saipan and other islands, making a study of administrative and economic conditions. The administration of the islands, Admiral Osumi told the press, has been completely reorganized. The mandated islands, he said, have a population of about 50,000 Japanese, as compared with about 45,000 natives.

Merger of General Motors with Japanese Concern Strikes Snag

Negotiations for the merger between the Japan Industry Automobile Company (Nissan) and the General Motors Company of Japan, which seemed for a time to be well on their way to success, have struck a snag and will cease for the time being, the Tokyo *Asahi* of May 7 stated. At the end of last year, Mr. Philipp, Far Eastern general-manager of the General Motors, came to Japan and his talks with the executives of the Nissan for the automobile entente progressed smoothly. Thus the Nissan sent Mr. Asahara, director, and others to New York as its representatives to conduct final negotiations with the head office of the General Motors. The parley came to a halt, however, when difficulties arose as to the basic conditions including the personnel question after the merger and the allotment of the controlling interest in the shares of the amalgamated company to the Nissan. Mr. Asahara and others are expected to cut the talks short and return to Tokyo soon.

Chinese Students in Japan to Protest Against Insult to Chinese Nation

The Chinese students in Japan are stated to be preparing to take appropriate measures to express their indignation against an insult to the Chinese nation by a member of the Japanese Diet. According to the Chinese students, a member of the Japanese Diet declared on May 7 that China should not call itself "Chung Hwa Min Huo" (The Chinese Republic) and the Japanese Government should not address China as "Chung Hwa." For the upholding of the prestige of Japan, Japan should refer to China as "Tze Lar" ("Tze Lar" means China but is a contemptuous term), he is reported to have said.

Socony and A.P.C. Buy Kwanghwa Petroleum Co.

The Shanghai *Shun Pao* May 12 stated that the Kwanghwa Petroleum Company with its head office at Museum Road, Shanghai, has been sold to the Asiatic Petroleum Company and the American Standard Oil Company of New York.

The Kwanghwa Company was organized in 1928 with a capital of $500,000 by Ssu Hhih-yin, now Chinese Ambassador to Japan. In the early days of its establishment, the company acted as agent for the American Standard Oil Company of New York. In 1931, the capital of the company was increased to $3,600,000. In the spring of 1931, the company acted as agent for the United Petroleum Trust of the U.S.S.R. To compete with the American and British oil interests in China, the Soviet United Petroleum Trust dumped large quantities of Soviet oil into the Chinese market, which caused a sudden drop of the price of oil from $10 per case to $4.60 per case. During these years as agent of the Soviet oil company, the Kwanghwa Company borrowed about $5,000,000 from Chinese banks for the building of tanks and other necessary machinery. As a result of heavy losses in the past few years, the company appealed to the National Government for assistance. For a time the Ministry of Industry was much interested in the matter and a high official of the Ministry was sent to Shanghai to investigate the business conditions as well as the property of the company. It was further reported that the Ministries of Finance and Industry had been asked to take over the control of the company and advance $10,000,000 for the reorganization of the company. However, because of the financial difficulties of the National Government, the plan did not materilize.

Pressed by the creditors, the company sold the land in Pootung, were its tanks were built, to the Shanghai Commercial and Savings Bank at a price of $960,000. Other properties of the company, including machinery, tanks and steamships were sold to the British Asiatic Petroleum Company and the American Standard Oil Company of New York at a total price of $3,200,000.

Under the present arrangement, the Kwanghwa Company will carry on its business as usual. As the company is no longer the agent of the Soviet United Petroleum Trust, it will sell the oils of the Asiatic Petroleum Company and the Standard Oil Company of New York amounting to 100,000 cases a year— which is about one tenth of the total sales of the two companies in a year.

Foreign Oil Companies in Japan Agree to Observe Storage Obligation

The Tokyo *Yomiuri* of May 14 stated that although it had been feared that the Rising Sun and Standard Oil Companies of Britain and the United States, respectively, which had merely fulfilled the oil storage obligation for three months, would persist in its refusal to equip itself for further storage by the end of June and thus intensify their struggle with the Commerce and Industry Ministry authorities, instructions from their head offices have been for a conciliatory turn in their attitudes and a considerable concession has been made, promising an early settlement of the long-standing storage dispute. As to the terms on which the foreign companies are to accept the fulfilment of the oil storage obligation it appears that there are some bargaining points. So long as arrangements can be completed within June for the construction of storage equipment and shipment of the oil to be stored, the Commerce and Industry Ministry authorities take the compromising view that it would not be violation of the Oil Industry Law, even if actual storage equipment is not completed by the end of June and some delay is caused.

London "Daily Herald" Says Jopan About to Make New Demands on China

A sensational report by the London *Daily Herald's* diplomatic correspondent, May 15, stated that Japan is preparing to present "new, sweeping and peremptory" demands on China. The precise terms of the demands, it was stated, were indicated to include:—

Recognition of Manchukuo; "co-operation" with Japan in all dealings with foreign countries, in the reconstruction of the Chinese administration, and in economic and financial matters; establishment of the Japanese yen as the basis of the Chinese currency; and invitation to Japan to send troops to co-operate in the suppression of Communism, especially in Shansi.

Ministry of Industry Organizes Fishing Syndicate

The proposal of the Ministry of Industry for the organization of a fishing syndicate was approved by the Executive Yuan May 12. The syndicate will finance the organization of co-operative societies for the fish merchants, building of fishing boats and the giving of credits to fish merchants. The head office of the syndicate will be established in the Central Fish Market, recently inaugurated here. The syndicate will have a fixed capital and a current capital. As to the fixed capital, the Ministry of Industry will give $200,000 every year, beginning from the fiscal year 1936-37. As to the current capital, it will be subscribed by the member banks of the syndicate. The amount of current capital to be subscribed by these banks will not be less than $800,000, the *Shun Pao* says.

According to Shanghai financial circles, no less than 12 banks have joined the Banking Syndicate for the Fishery Industry, promoted by the Ministry of Industry. These banks include the Bank of China, the Bank of Communications, the Shanghai Commercial and Savings Bank, the Chung Wei Bank, the Hsin Hwa Bank, the Kincheng Banking Corporation, the Continental Bank, the Yen Yieh Bank the China and South Seas Bank, and others. Messrs. Chien Hsin-tze, Wang Tze-shing and Kwei Yen-feng have been appointed members of the committee for the drafting of various regulations governing the functions of this banking syndicate. In is reported that the banking syndicate will be formally inaugurated next month.

Executive Yuan Approves Revised Yunnan Rail Agrement

The Executive Yuan May 19 formally approved the draft agreement concluded between the Military of Railways and the French authorities in Annam for the revision of the Yunnan Railway contract which was signed Oct. 29, 1903. The significant feature of the agreement, consists of the appointment of a Chinese advisor to the railway administration who will serve as a liaison officer between the Railway and the Yunnan Provincial Government. The privilege of exemption from taxation, which has hitherto been enjoyed by all employes of the Railway without any restrictions, will now be limited to goods imported into the province for the use of the Railway only.

Twenty Locomotives and 27 Passenger Cars Arrive for Chinese Railways

Twenty locomotives (ten manufactured in England and ten in Belgium) and 27 passenger cars all of Belgian manufacture, arrived in Shanghai by the motorship *Belpareil* of the Belship Steamship Co., May 16. The coaches were unloaded here. The motorship later proceeded to Tsingtao where the locomotives were unloaded. Ten of the locomotives will be used on the Peiping-Hankow Railway. The other ten were bought by the Purchasing Commission of the Ministry of Railways in London and will be used on the Canton-Hankow Railway.

Shantung-Honan Railway to Be Built

According to Li Chu-chun, Director of the Civil Affairs of the Shantung Provincial Government, definite action will be taken in the near future for the building of a railway connecting Tsinan in Shantung and Kaifeng in Honan. The Shantung, Kiangsu and Honan Provincial Governments will be jointly responsible for the building of the railway under the supervision of the Ministry of Railways.

Transport of Farm Produce to Be Speeded Up

In order to prevent traffic congestion during the next harvest, for speeding up the transport of farm products have been devised by the Ministry of Railways and forwarded to the railway administrations for enforcement.

To provide better communication facilities in the frontier regions, a highway will be built to link up the two provinces of Kansu and Sinkiang. Surveys on the Kansu section (Lanchow-Wuwei), covering a distance of 200 kilometers, have been started by the engineering corps of the National Economic Ceuncil and work is to begin next month.

Omnibus service on the entire length of the highway between Sian, provincial capital of Shensi, and Hancheng, important communications center in southern Shensi, will be officially put into operation May 25.

New Broadcasting Station at Chengtu—Second Largest in China

Construction of a ten-kilowatt broadcasting station at Chengtu by the Ministry of Communication was completed end of last week. The Chengtu station is the second largest in China, being next only to the Central Broadcasting Station at Nanking. The equipment was purchased in Germany.

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Lawrence Kentwell Again Raises Question of "Taxation Without Representation"

Lawrence K. Kentwell, an Eurasian lawyer who received his degree in London, and who, according to *Leaders of Commerce and Industry in China*, "was born on a ship enroute from Honolulu to Bangkok via Hongkong," has revived his campaign against the Shanghai Municipal Council on the subject of paying taxes. In 1927, at that time being a British subject (father British, and mother Chinese) he refused to pay taxes to the Municipality on the ground that he wished to protest on behalf of the Chinese against their not being represented on the Council. When the British Court decided that he must pay taxes, he took steps to discard British nationality and became a citizen of China. The matter rested for several years while Mr. Kentwell resided in Canton, but recently he returned to Shanghai and again took up an intransigent attitude and refused to pay the Municipal taxes, taking the ground that he should not be compelled to pay unless he was given the right to take part in the Annual Meeting of Ratepayers (taxpayers). This time the case, naturally, came before a Chinese court.

In the lower Court judgment was given against Mr. Kentwell and this judgment was affirmed by the Kiangsu High Court end of last week. The amount at issue was $239.40. Mr. Kentwell in a statement pointed out that although judgment went against him, the issue that he had raised, namely that the S.M.C. has no right to exclude Chinese from Ratepayers' Meetings, is still to be decided.

Chinese-American Trade Week Is Fittingly Observed in Shanghai

The Chinese-American Trade Week, which corresponds to National Foreign Trade Week, was fittingly observed in Shanghai May 17-23. The event was sponsored jointly by the Shanghai American Chamber of Commerce and the Chinese American Trade Council.

The events came off with a good start at the U.S. Marine Church in the Cathay Theatre last Sunday, when Chaplain Witherspoon spoke on the "Good Neighbor." A special sermon was also delivered by Dr. Emory W. Luccock at the Community Church.

On Monday a Chinese tiffin and fashion show was given at then new Sun Co. Department Store, corner Nanking and Thibet Roads, at which American and Chinese Women's Clubs participated.

On Tuesday morning a broadcast was received from America giving the Foreign Trade Week address by Hon. Daniel C. Roper, U.S. Secretary of Commerce.

On Wednesday morning there was an Assembly at the American School, when "Chinese-American Trade" was discussed by Julean Arnold, American Commercial Attache. Prizes were distributed by C. S. Franklin, President of the American Chamber of Commerce in the students' essay contest on Chinese-American trade. In the afternoon there was an excursion to the Civic Center, where members and lady guests were received by Major Wu Te-chen at the Reception Hall.

On Thursday a broadcast was received of the Foreign Trade Week address made by Cordell Hull, U.S. Secretary of State.

N.E.C. Annual Report Describes Water Conservancy Projects

The annual report of the National Economic Council, issued recently, contains a description of the water conservancy projects carried out under its auspices. A radical reform was put through in the summer of 1935, when the N.E.C. was made the highest authority for water conservancy administration. This centralization of water conservancy administration, according to the report, was to place the greater part of conservancy administration in China in the hands of five large commissions. These were the Kwangtung Conservancy Board, the North China River Commission, the Yellow River Commission, the Hwai River Commission and the Yangtsze River Commission.

Peasants Protest Against Forcible Collection of Land Taxes

More than seventy peasants from Changsu arrived in Wusih May 13, to appeal to the local authorities in connection with the peasants' disturbances in Changsu several weeks ago. Among other things they demanded the release of the arrested peasants.

Protesting against the forcible collection of land tax, more than 500 peasants of Hohohsiang in Shaoshing district of Chekiang province came into conflict with the troops stationed there. A number of peasants were wounded.

Yu Yuen Cotton Mill Purchased by Japanese

The Yu Yuen Cotton Mill at Tientsin has been sold to a Japanese textile company, according to industrial circles. The factory has 70,000 spindles. It is reported that operations of this mill will be resumed at the end of June.

Who's Who in China

李渭霖字華鎮
Dr. William Wah-chun Lee
(Li Wei-lin)

Dr. William Wah-chun Lee, dental surgeon; native of Hsin-hui, Kwangtung; born at Honolulu, Hawaii, U.S.A., 1892; after having graduated from St. Louis College, he entered Bosono Dental College, Penn., U.S.A. and was graduated with the degree of D.D.S; after having practised for several years in the various big cities in U.S.A., he returned to China in 1922 and practised in Canton, acting concurrently as consultating dentist to the American and British sailors stationed in Canton waters; during his practice in Canton, he counted among his clients Wang Ching-wei, formerly President of the Executive Yuan, Frank L. Smith, Deputy Commissioner of Chinese Post Service, Wallace J. Hansen, Consul for Denmark, and several other foreign consular officials; in 1926, he went to Borneo and was engaged by the Sarawak Government as government dental surgeon, which position he still holds; address: Kuching, Sarawak; or Mission Building, The Bund, Canton, Kwangtung.

李渭霖字華鎮，現年四十四歲，原籍廣東新會麻園，生於美屬檀香山。自畢業于星雷大學後，卽入美國布仙哪牙科大學，得牙科博士學位，又得數國業務執照，曾在美國各大埠執業多年，一九二二年回國在廣州市長堤光樓執業，兼任英美兩國水兵牙科醫生，曾療治前任行政院長汪精衞，粵郵政次長史密斯等聞人。一九二六年，因香港罷工風潮離廣州過南洋遊砂勝越，婆羅州，爲該地政府聘請爲皇家牙科醫生，現任砂勝越皇家牙科醫生兼學校牙科醫生。

Statistics on Number and Size of Power Plants in China

A detailed report regarding the number of power plants in China was given in the latest edition of the *Military Magazine* on May 1. According to this report, most of the large power stations are located in the province of Kiangsu with the largest, the Shanghai Power Company, in the Foreign Settlement of Shanghai. The figures are Kiangsu, 120 plants, capacity 263,365 k.w.; Chekiang, 115 plants, 32,838 k.w.; Anwhei, 32 plants, 4,275 k.w.; Kiangsi, 10 plants, 1,908 k.w.; Hupeh, 17 plants, 23,659 k.w.; Hunan, 14 plants, 4,682 k.w.; Szechuen 10 plants, 1,329 k.w.; Fukien, 22 plants, 9,315 k.w.; Kwangtung 55 plants, 47,305 k.w.; Kwangsi, 9 plants, 1,751 k.w.; Kweichow, 1 plant, 150 k.w.; Yunnan, 4 plants, 1,879 k.w.; Hopei, 16 plants, 56,748 k.w.; Honan, 3 plants, 674 k.w.; Shantung, 19 plants, 19,536 k.w.; Shansi, 7 plants, 1,075 k.w.; Kansu, 3 plants, k.w.; Suiyuan, 2 plants, 500 k.w.; Sinkiang, 2 plants, 70 k.w.; Chahar, 2 plants, 389 k.w.

Of the above-mentioned power plants, nine of them are owned by foreigners.

Twenty-Five Cows with Calves Arrive Here from Minnesota

Twenty-five cows, all of them bought with the stipulation that they be carrying calf, arrived in Shanghai last week from San Francisco. They all arrived safely, several calves being born *enroute*. The herd was imported by the Poplar Grove Farm of the Red Seal Dairy. Two graduates of the University of California School of Agriculture accompanied the herd. All bill calves will be turned over to the National Government. These cows come from Minnesota—from the Carleton district in that State. Twenty years ago that district was completely burned out with the result that to-day there is not a single bit of disease in that particular part of the country.

In the United States Court for China

In re. ESTATE of ALBERT EBER LEVIN, Deceased.	Cause No. 4039 Special Proceedings No. 1059 NOTICE Filed at Shanghai, China, April 27, 1936 William T. Collins, Clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of ALBERT EBER LEVIN, deceased, to present the same with vouchers to the undersigned on or before November 2, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

W. A. Reed, Administrator.
c/o U. S. Court for China,
Foochow & Kiangse Road,
Shanghai.

Shanghai, China.

the United States Court for China

In re. Last Will & Testament of Edward Gugerty Berrien, Deceased	Cause No. 4053 Special Proceedings No. 1931 NOTICE Filed at Shanghai, China, April 23, 1936. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of EDWARD GUGERTY BERRIEN, deceased, to present the same with vouchers to the undersigned on or before November 2, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Otis D. Terrell, Special Admr.
175 Soochow Road,
Shanghai, China.

Shanghai, China.

In the United States Court for China

In re. LAST WILL AND TESTAMENT of LEONARD EVERETT. Deceased	Cause No. 4057 Special Proceedings No. 1935 NOTICE Filed at Shanghai, China, April 30, 1936. WILLIAM T. COLLINS Clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of LEONARD EVERETT, deceased, to present the same with vouchers to the undersigned on or before November 9, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

REBECCA NOURSE EVERETT,
534 Avenue Petain,
Shanghai, China.

Shanghai, China.
April 30, 1936.

In the United States Court for China

In re. LAST WILL AND TESTAMENT of WILLIAM ROBERT HAYES, Deceased.	Cause No. 4059 Special Proceedings No. 1937 NOTICE Filed at Shanghai, China, May 4, 1936. William T. Collins, Clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of WILLIAM ROBERT HAYES, deceased, to present the same with vouchers to the undersigned on or before November 9, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Manley C. Jensen, Executor
Public Works Department,
Shanghai Municipal Council,
Shanghai.

Shanghai, China.
May 4, 1936.

Men and Events

M. Naggiar, the first French Amdassacor to China, will sail for Shanghai from Marseilles May 29.

The Yunnan provincial government is planning to build a modern library at Kunming at the cost of two million dollars.

Thirteen bandits, who were recently captured by the Wuhu police and condemned to death, were executed in Wuhu May 15.

The Mui-Tsai Investigation Mission sent by the British Government to Hongkong to probe into the slave girl situation arrived in the Colony May 14.

Tung Lin, former chairman of the Municipal Advisory Council of Peiping, departed for the United States last week in company with Mrs. Tung, for advanced studies.

A mandate was issued by the National Government May 18 appointing Quo Tai-chi (Ambassador to Great Britain) as Plenipotentiary Delegate for the conclusion of a Sino-Latvian Treaty of Amity.

Dr. V. K. Wellington Koo, first Chinese Ambassador to France, gave a luncheon in Paris May 15 to Emile Naggiar, the new French Ambassador to China, on the eve of his departure for China to assume the duties of his future post.

A chapter of the Rotary Club was organized at Wuhu May 19 with more than 20 members. The inauguration ceremony of the Club was held in the presence of Dr. C. T. Wang, Governor of the 81st District of International Rotary.

Dr. G. Bromley Oxnam, liberal president of DePauw University, at Greencastle, Ind., was elected May 15 to the College of Bishops of the Methodist Episcopal Church at the quadrennial conference of the church in session at Columbus, Ohio.

A party of 42 U.S. Marines from the Fourth Regiment stationed in Shanghai, with Chaplain Witherspoon at the head, proceeded by train to North China on a sight-seeing tour this week. While in Peiping they were quartered at the Marine Barracks of the Legation Guard.

The Bailie Club, formed in honor of Joseph Bailie, founder of the College of Agriculture and Forestry of the University of Nanking, is planning to place a bust of Mr. Bailie in the building which bears his name, and to obtain Government recognition of Mr. Bailie's services to China.

The monthly meeting of the National Child Welfare Association of China was held in Shanghai Chinese Bankers' Club, 59 Hongkong Road, May 16, when Dr. R. Y. Lao, Vice-President of the Association, presided. Jabin Hsu, General Secretary, made a report on the activities of the Association.

A party of five overseas Chinese, deported from Japan, arrived in Shanghai last week. They were received here by the staff members of Chinese Overseas' Relief Association. Three of them were sent to their native homes by the Association. The other two proceeded to Hangchow to visit relatives.

In the grip of a serious famine attended by epidemics, districts to the west of the Yellow River in Kansu present a scene of heart-rending destitution, Liu Kwang-pei, provincial Commissioner of Civil Affairs, stated upon his arrival in Lanchow last week from an inspection tour to the western part of the province.

Charles Kenny McClatchy, veteran editor and publisher of the McClatchy newspaper chain, died in Sacramento, California, April 27, at the age of 77 from pneumonia. Japanese messages pointed out that he was known as one of the strongest opponents of the movement for revising anti-Japanese land and immigration legislation.

Dr. Alfred Sze, Chinese Ambassador to America, will return to China this summer, according to well-informed political circles. Mr. Yung, Chancellor of the Chinese Embassy in Washington, who is more than 70 years old and has been connected with the Chinese diplomatic service for more than thirty years, will return together with Dr. Sze.

Affording no little competition to Russian cabarets, a number of Japanese dance-halls have been opened in Peiping during the last few weeks. Chinese dance-halls which were in great popularity a few years ago, it may be remembered, were ordered to be closed down two years ago by the Peiping Municipal Government when Col. Yuan Liang was Mayor.

Mrs. Milton J. Helmick, wife of the Judge of the U.S. Court for China, gave two cocktail parties at their home in Yu Yuen Road in Shanghai May 16 and 17 in honor of Miss "Sandy" Tittman, who has been the guest of the Judge and his wife for the past several months. Miss Tittman returned to her home in the United States on the s.s. *President Coolidge* May 19.

Admiral O. Murfin, Commander-in-Chief of the United States Asiatic Fleet, accompanied by his aides, paid a formal call on Mayor Wu Te-chen May 16, being introduced by the Consul-General, C. E. Gauss. Admiral and Mrs. Murfin also were guests of honor at a garden party which Lord and Lady Li Ching-mai gave in their Avenue Haig residence. The Admiral and Mrs. Murfin were entertained at the home of U.S. Consul General and Mrs. C. E. Gauss at their home, 269 Amherst Avenue, May 14, when a large number of Americans and other nationals were present.

O. G. Steen, General Manageor in the Far East, for the Dollar Line proceeded to Japan this week on a business trip.

The marriage took place at the New Asia Hotel in Shanghai May 18 of Miss Yu-ao Chang, daughter of Chang Ziang-ling (Counsellor of the Ministry to Industry) to Wang Tsung-hsien.

Frederick Snite, son of a wealthy Chicago business man, who arrived in the *Empress of Britain* on her recent world cruise, is recovering from an attack of infantile paralysis at the Rockefeller hospital in Peiping, after seven weeks treatment in an "iron lung."

The Executive Committee, the Yangtze Advisory Committee and the Shanghai Central Committee of the China International Famine Relief Commission gave a farewell reception in honor of Dr. and Mrs. John Earl Baker, and Lowe Chuan-hua at 1400 Bubbling Well Road, Shanghai May 17.

Robert H. Davis, travelling correspondent for the *New York Sun*, who is making his first visit to China, spoke before the International Arts Institute in Shanghai Monday, May 18, on the subject "The World We Live In." Both in interviews and in his speech Mr. Davis made comments of a sparkling, not to say, "provocative" nature.

Mr. and Mrs. Jabin Hsu gave a cocktail party in the Park Hotel May 19 in honor of Governor General Frank Murphy, of the Philippines, while he passed through here on his way to America. Mr. and Mrs. Hsu the previous night gave a dinner for 20, also at the Park Hotel, to bid farewell to Mr. and Mrs. John Earl Baker and Mr. and Mrs. William P. Hunt.

E. H. Munson, National Secretary of the Young Men's Christian Associations for South China, and Mrs. Munson, departed for the United States this week. Mr. Munson will unofficially represent his China colleagues in the Tri-ennial Conference of the Employed Officers' Association of Young Men's Christian Associations in North America which meets in June at Silver Bay, New York.

Judge Milton J. Helmick of the United States Court for China, Felthan Watson, U.S. District Attorney, and William T. Collins, Clerk of Court, were guests of the American Chamber of Commerce in Tientsin at its regular monthly tiffin, held on May 13. Dr. Charles J. Fox presided, and in introducing the guests recalled that Mr. Collins was at one time Secretary of the Tientsin Chamber.

Miss Anna May Wong, Chinese movie star from Hollywood, while in Nanking last week was lavishly entertained by many government officials, including Dr. T. T. Li, Director of Intelligence and Publicity Department of Waichiaopu and members of the Nanking Newspaper Association. She later proceeded to Peiping by train, stopping over entroute to visit Chufu, the birth-place of Confucius.

Reichs-fuehrer Adolf Hitler April 22 appointed Maj. Gen. Hans von Seeckt (chief German military advisor to the Nanking Government) to the command of an infantry regiment on the occasion of the warrior's seventieth birthday. In a letter to the former commander of the Reichswehr Hitler eulogized Von Seeckt's merits as creator of the German army whose chief he was from 1920 to 1926.

The will of J. Harold Dollar, vice-president of the Dollar Steamship Line and associated companies, who died recently, was filed in Marin County (California) Probate Court May 13. Its provisions allow the family of deceased an income of $3,000 a month. The widow will receive one-half of the amount and the four children will share the remainder equally. It was reported that no outside bequests were made.

R. H. Marriott, a broker, offered damaging testimony at the inquiry into the leakage of British Budget secrets in London May 14. He testified that a man named Waterton on April 20 burst into his office with "good information regarding the Budget" which he had allegedly received from a friend, who in turn had allegedly received it from "his good friend, J. H. Thomas," Mr. Thomas is Secretary of State for the Colonies.

The *Shanghai Mainichi* May 19 printed a telegram from Nanking stating that according to diplomatic circles in the National Government, the new British Ambassador to China will come here at the beginning of August, adding that as the foundation of British Far Eastern policy hereafter would be to have cooperation with Japan, the inauguration of the new British Ambassador to China would be a matter of great significance.

Mr. and Mrs. Lyman Hoover and their daughter Miss Carol departed for the United States this week. For the past six years Mr. Hoover has been student secretary of the Peiping Y.M.C.A. On his arrival in America he will attend during the summer the Rocky Mountain Student Conference at Estes Park, Colorado, a National Conference of Student Workers at Blue Ridge, North Carolina and a Pacific Area Conference of the World's Student Christian Federation in California. He will return to China in about a year.

The British Supreme Court in Shanghai was occupied last week and this week in hearing a suit in which the China Realty Company is trying to recover about $140,000 mortgage money from Messrs. J. C. Anderson and C. T. Kew. The sum represents a loan made almost 10 years ago, with mortgage on two pieces of land in Shanghai as security. Originally for 40,000 taels, the principal was increased later by 30,000 taels more. The entire amount was said to have been borrowed for the personal use of Mr. Anderson. The case was heard by Assistant Judge Grant Jones, who commented that the case bristled with difficulties.

In the United States Court for China

In re ESTATE of FRANK LEWIS HOUGH Deceased.	Cause No. 4066 Special Proceedings No. 1944 NOTICE Filed at Shanghai, China, May 9, 1936 William T. Collins, Clerk. L. T. Kenake, Asst. Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of FRANK LEWIS HOUGH, deceased, to present the same with vouchers to the undersigned on or before November 16, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

EDWIN O. HEUSER
Administrator
c/o National City Bank,
Shanghai, China.

Shanghai, China.
May 9th, 1936.

Send these Pamphlets to your

FRIENDS ABROAD

Japan's Violation of the Nine-Power Treaty, an address delivered in the United States Senate by Senator Key Pittman, Chairman of the Foreign Relations Committee. This 30-page pamphlet in the English and Chinese languages also contains a discussion of Japan's enunciation of an Asiatic Monroe Doctrine by Dr. Ching-Chun Wang, long experienced in Manchurian politics, who is now Chairman of the Chinese Purchasing Commission in England.
Price ..... $1.

Japan's Program in North China, an exposition of the Imperial Army's view, written by Gen. Hayao Tada, Commander of the Japanese forces at Tientsin. This declaration which aroused world interest constitutes the best explanation of Japan's attitude in fostering an "autonomy" movement in the five Chinese provinces, Hopei, Shantung, Shansi, Chahar and Suiyuan.
Price 40c

China and the European Situation, an exposition of the new situation which has developed as a result of the Italo-British-Ethyopian Crisis, written by a well-known authority, Dr. Thomas F. Millard who recently returned from an extended trip to Europe and U. S. A.
Price 15c

Why the United States Maintains its Full Naval Strength in the Pacific, an explanation of the developments since 1931 which have made it necessary for America to keep its full naval strength in Pacific waters.
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THE PEIPING CHRONICLE

2, Mei Cha Hutung, Peiping, China
Teleg. Address: "Chronicle"

New Books of Interest in the Far East

Ethiopia as Another Manchukuo

Ethiopia, a Pawn in European Diplomacy, by Ernest Work. The Macmillan Company, New York, 1935. 354 pages. Illustrated and with maps, bibliography and index.

The author of this book was formerly an advisor on educational matters to the Ethiopian Government. He is now a history professor in an American college. In his preface he tells us that he "has made a close study of the published French, Italian, German and English documents relating to Ethiopia and the European rivalries over that highland country". He presents the background clearly and draws in the lines of international struggle and intrigue in a way to make recent events take on their full import.

Italy's earlier advances and her loss of the pawn occupy two chapters. The cross purposes of England and France are then described and the currents behind the Fashoda incident are followed. A chapter on the escape of the "Lion of Judah" from the wiles of foreign diplomacy brings the story to the present situation. The author's sympathies are seen to be with the Negus Negasti, and after reading his text one cannot but admire the perseverance of the Ethiopians in the face of wire-pulling, changes in the interpretation of treaties, and the bald-faced machinations of greedy foreign diplomats seeking concessions and calmly proposing lines bounding national spheres of influence within the confines of Abyssinian territory.

Dr. Work thinks highly of Menelik's activities and his desire for Ethiopian freedom. "Menelik and his highland warriors defended their independence at Adowa against the Italians in the same way that the Greeks defended theirs at Thermopylae and Marathon. They were as courageous as the Belgians in face of the German army 1914. But, while the world sings the praises of the exploits of these, it leaves the no less courageous Ethiopians to their fate in the face of these more powerful Europeans. One would think that with the sacrifices of the Ethiopians to maintain their independence and the guarantee of 1906, this struggling nation would be assured of its position in the family of nations. But that such has not been the case, recent developments of the Italo-Ethiopian situation fully demonstrate. History indicates that the integrity of small nations is often better assured through the disagreement of European states in regard to them than in their agreement. Clearly the Franco-Anglo-Italian treaty of July 6-December 13, 1906 is much more concerned for the common interests of the Powers guaranteeing than for the interests of the one guaranteed. In case of trouble, Ethiopia has no rights under this agreement to demand the intervention of these European powers to assure the maintenance of the *status quo*. France, England and Italy have not bound themselves, in case of trouble within Ethiopia, to lend aid to the government. While they are not *obliged* to maintain the *status quo* they may, if they wish to do so, consult together as to measures that should be adopted to maintain it, and if it appears impossible to maintain this status then they are to decide among themselves what is to be done. To realize the meaning here, one must observe that these nations reserve to themselves alone the right to decide whether not the *status quo* should be maintained, and they alone are to decide what shall be done in case they conclude that the *status quo* should no longer be maintained. If the League of Nations, of which Abyssinia became a member on September 28, 1923, proves as helpless in protecting the independence of Ethiopia as it was in the Manchukuo affair there is nothing to hinder England, France and Italy from agreeing among themselves that the *status quo* in Ethiopia should no longer be maintained. The fact that Ethiopia became a member of the League of Nations did not in anyway cancel the tripartite agreement of 1906. . .Evidently, Mussolini intends Ethiopia shall be another Manchukuo. . .Evidently Ethiopia is to be sacrificed in an effort to maintain the peace of Europe. If such is the case the sacrifice is too great and instead of securing the peace of Europe this utterly unrighteous bartering of a weaker brother among the nations of Europe may easily prove to be the rock of offense upon which Europe herself shall be broken."

The author says little of Haile Selassie but draws his picture as a background for the present figures in the world scene in these parts. In mentioning the European ambitions in Ethiopia Japan is not overlooked and her part in the jealousies of 1936 is made clear.

It is a well-written, thoroughly documented book with a clear style. G. B. S.

Yokohama Specie Bank President Reviews World Business Conditions

The speech of Kenji Kodama, president of the Yokohama Specie Bank, made at the ordinary general meeting in Tokyo, March 10, has been printed in the usual brochure form. Mr. Kodama's surveys of world business conditions, particularly as they apply to the Far East, are always looked forward to with interest by business men of all nationalities.

Pearl Buck Speaks in Washington—Mrs. Roosevelt a Patron

Mrs. Franklin D. Roosevelt was one of the patronesses of a lecture given by Pearl Buck at Constitution Hall in Washington, D.C., April 8, proceeds going to the Research Laboratory at Vineland, N.J. An audience of more than 2,000 was present to hear Mrs. Buck speak on "China, the Land I Know Best." The

Pearl Buck Is Shown in Center; Mrs. Roosevelt on the Right. Miss Clarette Sehon on the left—Arriving at Constitution Hall, Washington, D.C.

speaker, among other things, said that many of the things Americans heard about China were only half true, and many of the things believed in China about Americans were likewise only half true.

All Should Work Towards Preventing a Another World War

The Editor, *China Weekly Review* :—

The League of Nations has fallen from its high position, first because of the failure to stop the Japanese aggression in Manchuria, and later by failing to stop the Italian aggression in Ethiopia. Italy violated the law of nations by using poison gas. France fails to press heavily for sanctions because of the Rhine problem. Germany, being an aggressive nation, sympathizes with Italy's moves in Africa. Great Britain, on account of her own interests in Africa, is going to "discuss" the vexed problem, declaring that no privileges of the British Government should be assaulted by others. From this point of view, we may assume that the League of Nations is helpless, and to avoid another Great War seems impossible. In case of war, I believe no nation in this or any other part of the world can avoid destruction. Such a war will cause more painful effects than 1914-1918.

We should do all we can to support the League of Nations so that a World War may be averted.

Shanghai, May 19, 1936. (Miss) Irene Doo.

Cessation of Jewish Immigration into Palestine Demanded by Arabs

Among the numerous difficult problems which confront the British Government is the situation in Palestine where a tense situation has been created by the conflict of interests between the Jewish immigrants (supported by the British) and the Arab residents. Assaults on Jews by the Arabs have been of frequent occurrence and the situation was brought to a head by the assassination of three Jews by an Arab in Jerusalem on the night of May 16. Curfew laws are being enforced in Jerusalem as a result. The Arabs are demanding cessation of Jewish immigration. A British Royal Commission has been appointed to investigate the grievances both of the Jews and of the Arabs. The Arab population in the meantime is enforcing a general strike.

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In the United States Court for China

NICHOLAS R. SIMS
Plaintiff,
vs.
ANITA SIMS
Defendant

Cause No. 4060
Civil No. 1938
ORDER
Filed at Shanghai, China,
May 2, 1936
William T. Collins, Clerk.
L. T. Kenake, Asst. Clerk.

The object of this suit is an action for Divorce

WHEREAS, plaintiff herein, by his attorneys, has this 1st day of May, 1936, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 1st day of May, 1936, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 1st day of May, 1936, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has he resided therein since 1932, and that defendant's last known address was 1126-14th Street, San Diego, Cal.

NOW, THEREFORE, it is this 2nd day of May, 1936, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 23rd day of May, 1936, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,
this 2nd day of May, 1936.

MILTON J. HELMICK,
Judge.

CUSTOMS NOTIFICATION NO. 1514

The public is hereby notified that in accordance with Government instructions all movements of sulphur, saltpetre and similar explosive materials (see Notifications Nos. 1488 and 1497) on passing the Customs are in every instance to be covered by National Government Huchao and Ts'ai-chêng Pu Extra-Provincial Yüntan, regardless of whether such movements are interprovincial or solely within one province.

H. O. Tong,
Superintendent of Customs.

Paul Barentzen,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 16th May, 1936.

On the Peiping Student Front

BY A PEIPING CORRESPONDENT

In the struggle against suppression, the Peiping student movement is now divided along four fronts, a reconnaissance of which makes a fascinating study of the shiftings in the conflicting forces now at work in North China, especially as new allies seem to be appearing rather unexpectedly, such as Chang Hsueh-liang and Feng Yu-hsiang. These four fronts are entrenched in the private Chinese schools, for example, Tungpei University; the foreign missionary schools, such as Yenching University; the government schools under control of Nanking, such as Peita University; and the middle schools under control of the Hopei and Chahar Political Council—all united together, however, with the Peiping Students' Union as a General Staff.

Tungpei (Northeastern) University, supported by Chang Hsueh-liang, president, has suffered most the onslaught of the police, along with Tungpei Chungshan Middle School, also composed of refugees from Manchuria. These students without a country, shunted around from one place to another, driven from Manchuria in 1931 and now from Peiping to Sian in 1936, are a disillusioned, bitter lot with a real stake in the anti-Japanese movement. Many of these joined the Manchurian volunteers in Manchuria when the school closed there and are now leading the anti-Japanese resistance there. On December 9 Tungpei led the student demonstration and had a furious struggle with the police, after which the school was raided several times. Possibly nearly one hundred students were arrested and released at different times since December 9 from Tungpei. Twenty-four Tungpei stundents were held in the military prison as serious cases in March, six of whom were reported to have had a death warrant issued against them. The students then began sending frantic delegations to Chang Hsueh-liang who came to the rescue handsomely and secured their release, on his personal guarantee, along with four held from Chungshan Middle School, on March 26. Later all the Tungpei University students were released.

According to an accurate report from a student released from the Pacification Headquarters military prison, there were eighteen students held on serious charges in that prison at the time of the new arrests on March 31, when 52 others were taken there, making a total of seventy. Most of these eighteen were from Tsinghua, Chungkuo and Peita, and included five girls, one from Chungkuo University, one named Miss Wang I from the Girls' 21st Middle School, and one Miss Wei Yi-shen of the 1st Girls' Middle School, the other two not being specified. Prof. Liu Kaiyuan of Chungkuo and Prof. Chang Shen-fu of Tsinghua and his wife were kept in the prison a long time. All of the students were in chains, except the girls, who wore them for only one week.

Approximately eighty-five northeastern students from Tungpei and Chungshan Middle School were arrested, so that the police campaign centered on the students from the erstwhile Northeastern Provinces. This fact is said to have angered the Young Marshal considerably, and student delegates from Sian report that the officers of the Tungpei armies are very sympathetic toward the students' anti-Japanese movement, and that the troops are restive, especially since financial support from Nanking has been cut off. When the last of the Tungpei students were released on March 26, the school held a jubilee welcome for them, and sent a telegram of gratitude to Chang Hsueh-liang thanking him for his personal intervention in support of the students, along with another telegram asking that he extend his personal guarantee to those students who have been forced into hiding to escape arrest, so that they may continue their schoolwork. Marshal Chang replied in a telegram: "I am gratified that all Northeastern students held by the police have been released. With regard to those who have left the school under fear of being arrested, I have already telegraphed to Mr. Wang Chou-jang, the Acting Chancellor, instructing him to draw up an effective plan under which they may return to school in peace." This evidence of positive support to the students is an important indication of new alignments of sympathies. Marshal Chang is said to consider it neither advisable nor necessary to accuse all active anti-Japanese students as Communists in order to drive them out of the schools or as an excuse to imprison them.

Yenching University, immune to police invasion somewhat like a miniature treaty-port, still takes the active leadership in the student movement, and is a haven of liberalism at present. Neither the local military nor the Japanese have dared get involved with the foreigners by raiding it. Because of the relative freedom enjoyed by the missionary schools, most of the eleven original members of the Students' Union were missionary schools in Peiping and Tientsin, and dozens of applicants were turned away from Yenching this year which has the largest registration in the history of the institution. Chancellor C. W. Luh has the respect of the student body and has had no trouble with the students whatever, the students regarding him as "honorable" in his dealings with them. He was one of the few Chancellors who did not go counter to the vote of the student body and appoint secret delegates to the Conference called at Nanking on January 15, which gained him the confidence of the student body while it alienated those Chancellors who arbitrarily appointed these delegates, many of whose resignations have been demanded by the outraged students. On April 15 President J. Leighton Stuart, just returned from America, told the student body that he regarded the present patriotic student movement in Peiping as a definite expression of national consciousness and as such was in sympathy with it—which did not displease the students.

After the 52 arrests during the demonstration on March 31, which included seven Yenching students, the Yenching student body voted a three-day strike in protest, decided to support the resolutions adopted at the memorial meeting on the 31st, and to support Peita whose student-government had been dissolved by the school Chancellor. Classwork is now proceeding normally. On April 16 the new student body elections for the spring term took place resulting in an overwhelming majority for the Unionists (those who support the program of the Peiping-Tientsin Students' Union), as at Tsinghua previously. Military training (without guns) has been inaugurated at Yenching and Tsinghua since March 1, by the Central Government, and the order was given that whenever Marshal Chiang Kai-shek's name was mentioned all hearers must stand at attention. About two hundred student vanguard-volunteers from Yenching and Tsinghua take to the Western Hills about once a week and practice guerilla skirmishes, as well as having "emergency" athletic exercises at six o'clock every

morning. At Tsinghua a "Special Military Corps" of eighty members has separated from the regular military drill classes and is engaging in intensive training. The Unfonists call this group Fascist, and these Fascist-regulars sedulously avoid carrying on maneuvres at the same time as the guerilla-volunteers. However, the open fight between the Left and Right wing at Tsinghua has not recurred, since the Right lost much "face" when the Emergency Measure outlawed all patriotic activity indiscriminately.

Peita University is under the greatest suppression of any school, and the struggle there takes on somewhat historical significance as an open conflict between the faculty, representing the "May Fourth" ex-revolutionaries and the present "December Ninth" generation which dubs them "cultural traitors" and "old fools" and various uncomplimentary terms, in return for which the May Fourthers call the present leadership an "agitators' dictatorship", and "young fools" who will destroy the college by their precipitate anti-Japanese demonstrations. Peita was the cradle of the Chinese Nationalist Movement, the Youth Movement of 1915 led by Ch'en Tu-hsiu began there and likewise the May Fourth Movement of 1919. Until the present it has taken leadership of all the student movements from 1915 to 1932. It was also the cradle of the Communist Movement.

In December, 1931, Peita led the huge northern student demonstration which converged upon Nanking after commandeering the trains for this purpose, and in 1932 drastic suppression was brought to bear upon this particular university as the hotbed of Communism and student revolution. Nearly all of the Leftist student leaders were arrested or forced to leave the school, and the student body was completely paralyzed. Peita took no leadership in the present movement, and had no student-government before the December Ninth movement broke out. It took almost a week before one could be organized after the demonstration, in which only a few Peita students dared participate.

However, the student-mass quickly took command of the situation and defeated every effort of the faculty and administration to suppress the movement, or control it.

Matters came to a head when the Student-Government permitted the Peiping Students' Union to use one of the dormitories for the memorial meeting for Kuo Ch'ing on March 31. Chancellor Chang Mon-lin promptly on the same evening dissolved the Students' Self-Government Association and expelled four of its officers, including the Chairman of the Association—Wu Sheng-san, Wu Pei-tsang, Han Tien-shih, and Yen Chi-ling. In an interview with the press he stated that he thought it an insult to the university to have Kuo Ch'ing's coffin brought there and the memorial meeting held without his permission. When the students begged Chancellor Chang to help the nine taken from Peita, whose lives were in serious danger, he merely replied that they "had been repeatedly warned against participating in destructive activities during the present national crisis" and flatly refused, again. The Chancellor's attitude angered the student body exceedingly, especially as he had not bothered to secure the release of those students arrested weeks before, either, and seemed glad to see them out of the school. On April 3, the Peita Student-Government issued a rebellious proclamation stating: the university authorities cannot arbitrarily suppress the Student-Self-Government Association, which is a legally elected body. Two classes went on strike on April 2 to enforce the demands that the expelled students be reinstated and that the student government be not dissolved. The Chancellor however, refused to listen. He refused for the third time when the twenty-four student representatives, in the student-government presented a petition on April 18, and they were forced to depart weeping, it was reported.

As for the middle schools under the local authorities, they are faring very badly indeed. Over half are said to have had all student-organization whatever dissolved by the authorities, so that they can no longer work with the Union. In their heyday the students had chastised the school administration such as at the 17th Hopei Middle School when they fought against the suppression of the student government, and at Hui Wen had locked some of the teachers in a room and given them food through the door, for obstructing the patriotic movement. Several boys and girls from middle schools were put into the military prison after the raids, and an official announcement given to *Reuter* states that of the 52 students arrested on March 31 "Of this number seventeen are from Tsinghua, seven from Yenching University and nine from the National University of Peking (Peita), the rest being divided among a number of private middle schools." Thirty-five were boys and 17 girls. On April 12 Miss Wang Ling-hsien and Miss Yu Meng-yu both of Yenching were released from the military prison, the former because she is a relative of General Ho Ying-chin who promptly telegraphed for her release, and the latter because she was ill and had to be sent to the P. U. M. C. for treatment. On April 13, twenty-nine others were released of the 52 arrested on March 31, including 11 from Tsinghua, 4 from Yenching, 1 from Chungkuo and the rest unspecified. Thus most of those remaining in the military prison in chains are middle school children.

Peiping, May 1, 1936

Ten-Province Educational Conference Is Held in Nanking

Education commissioners attending the 10-Province High Administrators' Conference in Nanking held an informal conference with the high officials of the Ministry of Education in Nanking May 15 during which matters relating to education were brought up for discussion.

To raise the cultural standard in the North-west and afford facilities to Northwestern students to pursue higher studies, preparations are being made by the Ministry of Education for the establishment of a National North-western University at Sian, provincial capital of Shensi.

Four More Peiping Students Released

Four students of the National University of Peking, who were arrested by the military about six weeks ago for participating in a demonstration in Nantzechih, were released last week by the headquarters of the Pacification Commissioner of Hopei and Chahar as a result of the efforts of the University authorities. Three students remain in custody in the detention house of the headquarters.

In the United States Court for China

OLGA ALEXAVUNA ANALORA, Plaintiff,
vs.
SAM ANALORA, Defendant.

Cause No. 4065
Civil No. 1943
ORDER
Filed at Shanghai, China, May 9, 1936.
William T. Collins, Clerk.
By L. T. Kenake, Asst. Clerk.

The object of this suit is to secure a decree of divorce.

WHEREAS plaintiff herein, on the 9th day of May, 1936, made application for the substitution of publication for personal service of summons upon the defendant herein; and

WHEREAS it appears from the files of this case that on the 8th day of May, 1936, the Summons for defendant was returned by the United States Marshal for China, "Not to be found within the jurisdiction of this Court"; and

WHEREAS it appears from the files of this case that on the 8th day of May, 1936, OLGA ALEXAVUNA ANALORA, the Plaintiff herein, filed an affidavit to the effect that the defendant, SAM ANALORA, does not reside within the jurisdiction of this Court and that he has not been a resident of this jurisdiction within the past six months:

NOW, THEREFORE, it is, this 9th day of May, 1936, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, a paper of general circulation most likely to reach defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieh day, exclusive of Sundays and legal holidays, occurring after the 30th day of May, 1936, the last day of publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

MILTON J. HELMICK,
Judge.

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May, 1936.
Vol. II, No. 5.

ARTICLES

William James, by T. K. Chuan

Reflections on the London Exhibition of Chinese Art, by John C. Ferguson

On the Eve of Constitutional Government in China, by Mei Ju-ao

Professors Whitehead and Lewis on the Datum of Experience, by Thomas R. Kelly

TRANSLATIONS

The Right to Kill: A Translation of a Play generally known as The Ch'ingting Pearl or Fishing and Massacre. Tr. by Yao Hsin-nung.

BOOK REVIEWS

Editor's Note: This issue, being the last of the ten for the publication year 1935-1936, completes Vol. II. There will be no issue during June and July. Vol. III, Number I, will be published on the fifteenth of August, 1936.

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Military Proportion of Chinese National Budget Less This Year Than Last

The National Budget Estimates for the next 25th fiscal year (July, 1936 to June, 1937), balanced at $1,015,658,450, compiled by the Directorate-General of Budgets, Accounts and Statistics, were forwarded by the National Government to the Central Political Committee for consideration May 17. The C. P. C. has referred the Estimates to its Technical Committee on Financial Affairs for examination. The Estimates are made up and balanced as follows:—

ESTIMATED REVENUE
(*Ordinary and Extraordinary*)

	C.S.$
Customs Revenue	317,973,514
Salt Revenue	189,187,225
Tobacco and Wine Taxes	16,987,395
Stamp Tax	11,300,000
Consolidated Taxes	132,896,117
Mining Tax	3,631,862
Stock Exchange Tax and Tax on Exchange Transactions in Stocks and Commodities	1,350,000
Income Tax	5,000,000
Tax on Bank Notes Issues	1,600,000
Government Property Receipts	5,791,767
Government Enterprise Receipts	21,201,531
Government Administrative Receipts	10,901,232
Receipts from Government Business Enterprises	11,397,583
Remittances from Provincial Governments	3,198,000
Proceeds from Loans	180,000,000
Miscellaneous Receipts	103,342,224
TOTAL	1,015,658,450

ESTIMATED EXPENDITURE
(*Ordinary and Extraordinary*)

	C.S.$
Party Expenses	8,066,648
Expenses of the National Government Council and organs directly subordinate to it	13,412,471
Military Expenses	326,727,655
Interior Affairs Expenses	13,288,628
Foreign Affairs Expenses	9,798,934
Financial Affairs Expenses	64,515,566
Educational and Cultural Affairs Expenses	50,162,183
Judicial Affairs Expenses	3,347,531
Industrial Affairs Expenses	5,078,250
Communications Affairs Expenses	4,839,140
Mongolian and Tibetan Affairs Expenses	2,077,584
Reconstruction Affairs Expenses	52,714,721
Subsidies	105,194,660
Compensation and Awards	5,664,704
Loan Service Obligations	238,641,908
Disbursements for Government Business Enterprises	96,337,720
Second Reserve Fund	15,790,147
TOTAL	1,015,658,450

After approval by the Central Political Committee, the Budget will be submitted to the Legislative Yuan for passage into law.

The proportion of military expenses to the whole budget has been considerably reduced from last year, when the amount allotted under this head was $416,573,472 out of a total of $949,357,443 (roughly 43 percent), as against the porportion this year of about 31 per cent.

China Development Finance Corporation to Establish Mortgage Bank

In pursuance of instructions from the Ministry of Finance, the China Development Finance Corporation has completed preparations for the establishment of a special bank for the mortgage of immovable property (*Pu-Tung-Tsan Ti-Ya Ying-Hang*).

The Ministry is now drawing up the bye-laws governing the establishment of the mortgage bank, on the basis of a report submitted by T. L. Soong, General Manager of the China Development Finance Corporation.

A Wife's Requirements

Of course, for her personal adornment, a wife will rarely fail to campaign at intervals for more new clothes, and perhaps some additional jewellery, too. But despite making a liberal allowance for these requirements, no husband can be regarded as fully doing his duty unless he also keeps a supply of Pinkettes in the home for his wife's occasional use.

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The National City Bank of New York, Rates of Exchange

Shanghai, May 20, 1936

Demand selling rate on America:	U.S. $1.00=Sh. $ 3.38
Demand buying rate on America:	U.S. $1.00=Sh. $ 3.34
Demand selling rate on London:	£1.00=Sh. $16.84
Demand buying rate on Londod:	£1.00=Sh. $16.59

Latest New York Stock Exchange Quotations

May 20, 1936

Stock Exchange— Business Done:-

Total Volume: 910,000 Shares

1935-36 High	1935-36 Low	Div. $ per sh.	STOCKS	Last Sale May 18	Last Sale May 19
13¾	4⅛	0.10	Adams Express	10¾	10¾
149⅝	110	4.00	American Can	129½	126
39½	20¼	0.60	Amer. Cyanamid "B"	36	34⅛
9⅝	2	—	American & For. Power	7⅛	7
42	14	—	American & Foreign Pwr. $7 pfd.	33¾	32
27¼	10½	—	American Radiator	19¾	19⅛
177¼	98⅞	9.00	American Tel. & Tel.	160½	158⅞
107	74¾	5.00	American Tobacco "B"	93	91¼
24⅞	7⅛	—	American Waterworks	21½	20⅜
39⅝	8	0.25	Anaconda Copper	33½	32⅝
86½	35¾	2.00	Atchison, T. & S. Fe	72⅝	69¾
53½	15	—	Auburn	30½	29
24	7½	—	Baltimore & Ohio	18	16⅞
63¼	21⅝	—	Bethlehem Steel	50	49
26¼	6¼	—	Boeing Airplane Co.,	18¾	18
15⅞	8⅝	—	Canadian Pacific Railway	12⅜	12¼
170½	45¾	—	Case, J. I.	153	147
47⅞	20¼	1.40	Chase National Bank	37⅛	36⅛
74	35	3.00	Chesapeake Corp.	66	65½
60⅝	37⅛	2.80	Chesapeake & Ohio	56½	56
103⅞	31	4.00	Chrysler	94	92⅜
21⅜	3⅝	6.00	Columbia Gas & Electric	18⅞	18⅛
24⅛	16½	2.00	Coml. Solvents	17⅝	17⅜
4⅝	0⅜	—	Commonwealth & Southern (ord.)	3	2⅜
36⅞	15⅞	1.00	Consolinated Edison	30½	29½
15⅛	6½	0.25	Consolidated Oil	13	12¼
38½	15⅛	.87½	Continental Oil	31¾	29½
78⅝	60	3.00	Corn Products	76¼	75⅛
73¾	17½	0.75	Douglas Aircraft	56½	54½
152	86⅝	3.60	Du Pont de Nemours	141½	141
24¾	3½	—	Electric Bond & Share	18⅞	18
41½	20½	1.00	General Electric	36⅞	36⅛
39⅜	30	1.80	General Foods	38⅞	38½
70⅝	26⅜	2.00	General Motors	62⅛	60⅝
50	15⅝	1.00	General Railway Signal	35	35
22	14⅜	1.20	Gold Dust	15⅞	15⅞
31⅝	15¾	—	Goodyear Tire & Rubber	25⅝	24⅞
75½	44	1.00	Humble Oil	60¼	57¼
53⅛	22¼	1.00	Internation Nickel	46⅝	45⅜
19	5⅝	—	International Tel. & Tel.	13⅞	13⅜
41⅝	13¾	1.00	Kennecott	37	35¾
55⅛	31¼	2.00	Loew's Inc.	47¼	45½
26⅛	18½	1.20	Lorillard	22½	22¼
103	55	1.00	Monsanto Chemical	81	80¾
45	21¾	0.20	Montgomery Ward	41⅝	40½
41⅞	18½	1.00	National City Bank	33⅛	32¼
25	12⅞	1.20	National Dairy Prods.	23⅛	23⅛
34½	23¼	2.00	National Distillers	29¾	29
14⅜	4⅞	0.60	National Power & Lt.	10¼	10⅛
42¼	12¼	0.10	New York Central	34⅛	33¾
29¾	9	1.00	North American	25⅜	24½
39⅝	13¼	1.50	Pacific Gas & Electric	35⅝	35
56¾	19	2.40	Pacific Lighting	50½	49⅞
12	3¼	0.10	Packard Motors	10⅝	10¼
38⅝	17¼	1.00	Pennsylvania Railroad	30¼	29⅛
49	13⅜	1.00	Phillips Petroleum	41½	39
48¼	20⅞	2.40	Public Serv. of N. J.	41	40¼
14¼	4	—	Radio Corporation of Amer.	11	10⅜
58⅝	43⅛	3.00	Reynolds Tobacco "B"	53½	53½
56¼	22	—	Schenley	43⅞	43½
69⅞	31	2.00	Sears Roebuck	67⅞	66⅝
17	10⅝	0.40	Socony-Vacuum	13	12⅞
28¼	10⅝	1.50	Southern California Edis n	26¼	26
38½	12⅜	—	Southern Pacific	31⅜	30
19⅛	12½	0.80	Standard Brands	15⅝	15½
9¼	1½	—	Standard Gas & Electric	6⅝	6½
69½	35⅜	1.00	Standard Oil Co. of N. J.	60⅛	57¼
71⅝	58¾	3.80	Sterling Products	69	69½
38¾	28⅝	2.00	Texas Gulf Sulphur	36⅜	35½
14⅞	4⅞	0.30	Transamerica	12¾	12½
88	44	2.00	Union Caride & Carbon	82½	81½
138¼	82½	6.00	Union Pacific	125½	123½
31⅝	9⅞	—	United Aircraft (New)	22⅝	22¼
20⅞	4½	—	United Airline Trans.	16⅞	16¼
8½	1½	—	United Corporation	6¼	6⅛
19¼	9¼	1.00	United Gas Improvement	15¼	15
58	35⅛	2.00	U.S. Indus. Alcohol	45	41½
34⅝	9⅛	—	U. S Rubber	30	28¾
72½	27½	—	U. S. Steel	57¾	56
26½	11¼	—	Vanadium	18½	17½
14	2¼	—	Warner Bros. Pictures	9¾	9½
122½	32⅝	1.75	Westinghouse Electric	112	109¼

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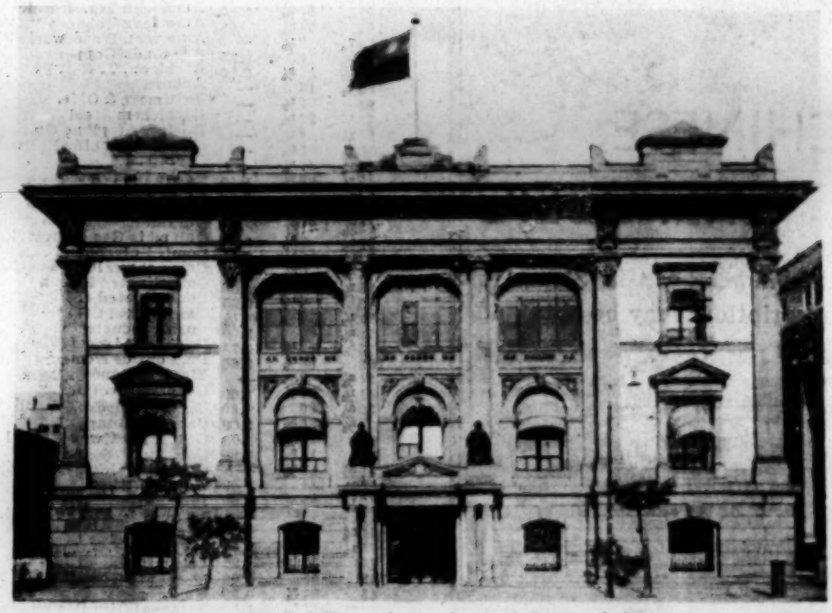

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